



Alberta Health Services Annual Report

April 1, 2008 – March 31, 2009

Letter of Accountability

We have the honor to present the annual report for the following:

- Region 1 – Chinook Regional Health Authority
- Region 2 – Palliser Health Region
- Region 3 – Calgary Health Region
- Region 4 – David Thompson Health Region
- Region 5 – East Central Health
- Region 6 – Capital Health
- Region 7 – Aspen Regional Health Authority
- Region 8 – Peace Country Health
- Region 9 – Northern Lights Health Region
- Alberta Mental Health Board
- Alberta Cancer Board

for the fiscal year ended March 31, 2009.

This annual report was prepared under the Board's direction, in accordance with the *Government Accountability Act*, *Regional Health Authorities Act* and directions provided by the Minister of Health and Wellness. All material economic and fiscal implications known as of June 30, 2009 have been considered in preparing the Annual Report.

Respectfully submitted on behalf of Alberta Health Services Board,

Original Signed by Ken Hughes

Ken Hughes
Alberta Health Services Board Chair

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For more information about any of the programs or services,
Please visit www.albertahealthservices.ca
Or call Health Link at 1-866-408-LINK

Context

Alberta Health Services is required to prepare and submit to the Minister of Health and Wellness an annual report in compliance with the *Government Accountability Act* and the *Regional Health Authorities Act*.

The annual report is provided to the Minister in the form and manner prescribed and is a key public accountability document that reports how Alberta Health Services discharged its legislated responsibilities and any other responsibilities delegated to it by the Minister. The Minister tables the annual report in the Legislative Assembly.

The creation of Alberta Health Services was announced on May 15, 2008. Alberta Health Services Board became the common governance board responsible for the delivery of health services previously provided by 9 regional health authorities, the Alberta Cancer Board, Alberta Alcohol and Drug Abuse Commission (AADAC) and Alberta Mental Health Board. The provision of Emergency Medical Services (Ground Ambulance Service) has also transitioned from current municipal responsibility, to become a part of this provincial health care service.

Alberta Health Services is responsible for the delivery of health programs throughout Alberta. The responsibilities of Alberta Health Services can be broken into two broad groups: regional health system governance and service delivery.

This 2008/2009 Annual Report reflects the transitional nature of the past year. Emphasis has been placed on activities which focus on the integration of services and supports across the province, while still highlighting some specific geographic initiatives. Performance measures and financial information also follows the boundaries of the former regions and boards as they remained legal entities until March 31, 2009.

Introduction

Alberta Health Services is a new organization that was officially launched on April 1, 2009.

Alberta Health Services is expected to work within its approved budget and is responsible to:

1. conduct needs assessments,
2. support wellness,
3. provide information to Albertans that allows them to make informed decisions,
4. solicit community input and dialogue,
5. maintain service planning for a full continuum of health services,
6. ensure reasonable access to services,
7. allocate and manage resources,
8. monitor, report on and evaluate services and regional system performance,
9. consult with other sectors, and
10. maintain a patient concerns resolution process.

All programs and facilities, whether they are owned and operated by Alberta Health Services, non-profit organizations or private groups, are operated in compliance with specific pieces of program legislation, including:

- the *Hospitals Act*,
- the *Health Care Protection Act*,
- the *Nursing Home Act*,
- the *Mental Health Act*,
- the *Public Health Act*, and
- the *Health Information Act*.

Mission

To provide a patient-focused, quality health system that is accessible and sustainable for all Albertans.

Goals

Our future success will be measured by the health and satisfaction levels of Albertans, their ability to access the system and our ability to meet these goals within sustainable budgets. The health of Albertans is at the centre of our patient-focused system.

Quality: health care services are safe, effective and patient-focused

Access: appropriate health care services are available

Sustainability: health care services are provided within available resources both now and into the future

The Strategic Direction document is currently under development. This important document will provide a foundation for all Alberta Health Services activity. Finalization of the organizational values and strategic priorities will be completed through the Strategic Direction consultation process.

Board Governance

The members of Alberta's nine regional health authority boards, the Alberta Cancer Board, the Alberta Alcohol and Drug Abuse Commission and the Alberta Mental Health Board were replaced by a single provincial health services board – Alberta Health Services. The creation of AHS was announced on May 15, 2008, by Ron Liepert, Minister of Health and Wellness.

Alberta Health Services (AHS) brings together 12 formerly separate health entities in the province: nine geographically based health authorities (Chinook Regional Health Authority, Palliser Health Region, Calgary Health Region, David Thompson Health Region, East Central Health, Capital Health, Aspen Regional Health Authority, Peace Country Health and Northern Lights Health Region) and three provincial entities working specifically in the areas of mental health (Alberta Mental Health Board), addictions (Alberta Alcohol and Drug Abuse Commission) and cancer (Alberta Cancer Board).

Ground ambulance service was added to the responsibilities of AHS in an announcement from Alberta Health and Wellness on May 30, 2008. The services were moved from municipalities to AHS effective April 1, 2009.

Alberta Health Services Board:

Tasked with coordinating the delivery of health supports and services across the province, the Alberta Health Services Board supports the Minister of Health and Wellness' mandate to improve access to care and to create a sustainable health system. This 15 member board reports directly to the Minister.

Ken Hughes (Chair)
Catherine Roozen (Vice
Chair)
Jack Ady
Lori Andreachuk
Gord Bontje

Teri Lynn Bougie
Jim Clifford
Strater Crowfoot
Tony Franceschini
Linda Hohol
Andreas Laupacis

John Lehnert
Irene Lewis
Don Sieben
Gord Winkel

Alberta Health Services Board Committees include: Audit and Finance Committee, Ethics and Quality Committee, Governance Committee, Health Advisory Committee, Human Resources Committee and Waiver Committee.

Community Health Councils:

Community Health Councils are advisory boards offering Albertans the opportunity to identify health needs and help set health priorities for their communities.

There are currently 56 Community Health Councils in Alberta. Some are geographically based while others focus on specific program priorities for their communities.

Community Health Councils are currently being reviewed. The review includes learning about their past successes and challenges. Understanding this will assist Alberta Health Services in the development process of a new framework for these councils.

Organizational Structure

The organizational structure in 2008/2009 for Alberta Health Services was defined as an enabling structure which evolves as the organization transforms. The structure was divided into five portfolios: Continuum of Care; Health Strategy, Research and Design; Corporate Services; Financial Services and Capital Management; and Change Management.

The enabling structure has been in place for almost a year however at the time of this report the current organizational structure is undergoing significant changes.

Alberta Health Services Quick Facts_____

Facilities

- 102 Acute Care hospitals
- 6,800 Acute Care hospital beds
- 18,000 Long term Care & Supportive Living beds / spaces
- 7 Urgent Care Centres

Annual Service Volumes (2008 - 2009)

- 1.9 Million Emergency visits
- 163,000 Urgent Care visits
- 354,000 Hospital discharges
- 247,000 Surgeries
- 50,000 Births

- 60 Million Laboratory procedures
- 147,000 MRI exams
- 419,000 CT exams

- Approximately 10 Million Home Care hours
- 900,000 Health Link calls

- More than 500,000 Albertans see a physician for mental health concerns.
- Albertans were surveyed about their satisfaction with mental health services. Approximately 90% indicated they were satisfied with the treatment received.

- Annually more than 45,000 cancer patients receive treatment, care and support.
- Total cancer patient visits were 495,000.
- Approximately 16,000 Albertans are newly diagnosed with cancer each year.

Overview

Alberta Health Services is the largest health system in Canada and is the only one that is province-wide. In addition to the 3.5 million Albertans, Alberta Health Services also provides specialized care to a referral area that includes parts of British Columbia, Saskatchewan and the three northern territories. Our health system is supported by more than 85,000 dedicated health care professionals and support workers, 13,000 volunteers and 7,200 physicians.

Programs and services are offered at 400 facilities throughout the province, including hospitals, clinics, continuing care facilities, mental health facilities and community health sites.

This province also has an extensive network of community-based services designed to assist Albertans maintain and/or improve health status. Service is available by phone through the province's Health Link service. Health advice and support was delivered by Health Link to well over 1.3 million callers last year. Annually, more than 500,000 Albertans see a physician for a mental health concern. Annually more than 45,000 cancer patients receive treatment, care and support for a total of 495,000 cancer patient visits. Approximately 16,000 Albertans are newly diagnosed with cancer each year.

Last year was a very significant year in the delivery of health services in Alberta. Alberta had been operating in a regionalized context since 1995. The creation of Alberta Health Services was announced on May 15, 2008. The existing boards were abolished and the Alberta Health Services Board became the common governance board responsible for the delivery of health services previously provided by 9 regional health authorities, the Alberta Cancer Board, Alberta Mental Health Board and Alberta Alcohol and Drug Abuse Commission (AADAC). In addition, Emergency Medical Services (ground ambulance service) became part of the new provincial health care system.

As of April 1, 2009, Alberta Health Services became the single legal entity responsible for the delivery of health care in the province; one board, working on one plan. Significant work, such as development of new bylaws (e.g. conflict of interest), policies (e.g. safe disclosure) and a strategic governance framework was completed to minimize disruption during this transition period.

There has been significant progress in successfully integrating 12 former health delivery entities into one provincial organization while at the same time continuing delivery of quality patient care.

These include:

- Provincial standards of care are being explored and developed.
- Recruitment and retention initiatives are being shaped by a provincial model.
- Information Technology systems are being coordinated and improved.
- Telehealth and other technologies are being enhanced to connect people to care.
- Plans are being developed to streamline any duplication of services so more resources can be directed to patient care.
- Established integration teams to address key operational areas, with a provincial focus on enhanced care pathways.

Effective March 23, 2009, Dr. Stephen Duckett, an experience executive who has successfully led a large integrated health system in Australia assumed the key leadership role for AHS as president and chief executive officer.

There are numerous opportunities within our newly structured provincial health care system to improve access, quality and sustainability.

Strategic Initiatives, Accomplishments and Performance Results

The following describes the major strategic initiatives and milestones for the past year, by:

- Alberta's nine regional health authorities as set out in their three-year health plans; and
- Alberta Cancer Board and Alberta Mental Health Board as set out in their multi-year performance agreements.
- Alberta Alcohol and Drug Abuse Commission being part of Alberta Health and Wellness during 2008/2009 will be reported by Alberta Health and Wellness as in prior years.

Provincial highlights are provided in each of the core business areas. This list is not inclusive of all the work that has been done by the nine regional health authorities.

In recognition of the challenges associated with inconsistent data collection methodology the performance measures are expressed by the range experienced across the province versus reporting the 9 individual health authorities. Also, in recognition of this transition year with many regional initiatives no longer relevant, the report is limited to only include information to meet Alberta Health and Wellness compliance.

Alberta Mental Health Board will be referred to as AMHB and Alberta Cancer Board will be referred to as ACB. The activities for these two entities are reported separately following the health authorities.

1.0 Core Business One: Lead and direct the health system

Improved performance in the health system depends on sound governance, management and effective mechanisms for ensuring accountability and stewardship.

1.1 Workforce

Factors	Measures	Year End Results / Progress
Building Planning Capacity		
Report on collaborative health workforce planning capacity strategies.	Participation of human resource, clinical and financial leaders in: - The development of health authority workforce plans. - The completion of the annual Collaborative Health Workforce Template.	Alberta Health Services is establishing a new organizational structure that will facilitate the efficient and effective development and implementation of workforce strategies. The new provincial structure will eliminate competition between former regions, allowing us to leverage the "best of the best" local workforce strategies for implementation across AHS.
Adequate Supply		
Report on supply and demand gaps, recruitment and retention strategies and performance metrics (established collaboratively with health authorities) that indicate effectiveness of health authority recruitment and retention efforts.	Health Workforce plan, as outlined in the health authority's health plan, identifies three year workforce requirements as well as recruitment and retention strategies to address any current and projected gaps between supply and demand. Overall workforce metrics for the 2008/2009 fiscal year: - Separation rates ranged regionally from 11.4% to 25.3%; - External hire rates ranged regionally from 2.6% to 17.7% ; - Internal transfer rates ranged regionally from 7.1% to 29.8%; - Vacancy percentage ranged regionally from 1.4% to 12.4%; - Average length of time to fill a vacancy – difficult to recruit positions by classification (refer to Year End Results column).	Workforce data from across the former entities has been compiled to support workforce reporting and to aid in the development, monitoring and evaluation of workforce strategies. One of the outcomes of this is our ability to provide comprehensive Performance Metrics for AHS. There is significant variance in the performance metrics reported by AHS' different geographic areas. These variances likely reflect unique characteristics of that area's workforce, resulting from factors within the former entities and in their environments. Human Resources will work to better understand these local factors and their effect on the AHS workforce, such that it can offer an analytical commentary on the Workforce Performance Metrics in future reports. AHS is on track to submit its annual Collaborative Health Workforce Templates for 2008/2009, which is due on July 15 2009. Eight of the twelve former entities reported over 80 different Difficult to Recruit (DTR) classifications (Calgary and Area, Red Deer and Area, ACB and AMHB were unable to provide DTR metrics for this report). The following classifications were common across three or more entities and took an average of greater than 80 days to fill the vacancy. - Speech Language Pathologists (average time to fill a vacancy across 5 former entities = 207 days) - Physiotherapist (average time to fill a vacancy across 6 former entities = 153 days) - Diagnostic Sonographers (average time to fill a vacancy across 3 former entities = 130 days) - Public Health Inspector (average time to fill a vacancy across 3 former entities = 127 days) - Medical Radiation Technologist (average time to fill a vacancy across 4 former entities = 111 days) - Occupational Therapist (average time to fill a vacancy across 5 former entities = 97 days) - Registered Nurse (average time to fill a vacancy across 6 former entities = 92 days) - Licensed Practical Nurses (average time to fill a vacancy across 5 former entities = 86 days)

Factors	Measures	Year End Results / Progress
Healthy Workplaces		
Report on workplace environment metrics (established collaboratively with health authorities) that have an affect on the employer's ability to recruit and retain health service personnel.	Overall workforce metrics for the 2008/2009 fiscal year: - Comparison of health authority WCB premium rate to WCB industry rate for hospitals, acute care centres, health units an LTC centres (refer to Year End Results column). - Hours of sick leave usage as a percentage of total earned hours ranged regionally from 3.0% to 4.6%. - LTD incidents per 1000 insured persons ranged regionally from 15.1 to 25.6.	WCB premium rate per \$100 insurable earnings for: - hospitals ranged regionally \$0.99 to \$1.27; - health units ranged regionally from \$0.61 to \$2.24; and - continuing care facilities ranged regionally from \$1.51 to \$2.36. Recognition Award for Valuing Excellence (RAVE) implemented recognizing employees who have shown leadership in demonstration of the standards (expectations of behavior) in Medicine Hat and Area. Occupational Health & Safety - A successful conversion to safety engineered needles throughout all sites within the former Aspen area was completed in 2008. The Aspen Disability Management team continued to achieve success with its innovative return to work program. This resulted in the lowest LTD rates in the Health Organization Benefits Plan for the second year in a row.

1.2 Information Technology

Privacy and security measures and technology and data/message standards will enable sharing of information through a province-wide interoperable electronic health record (EHR). As the EHR is not a single system, there are interdependencies to be managed, through a common understanding of the disparate systems that comprise the whole EHR.

- It is recognized that IT is an area where there will be significant opportunities through consolidation and one overall approach.
- Alberta Health Services has created a new Information Technology Executive Team with specific provincial Information System /Information Technology (IS/IT) areas of responsibility.
- Alberta Health Services will work collaboratively with Alberta Health and Wellness in 2009/2010 to create new metrics upon completion of the single IS/IT Alberta Health Services organization structure.

Factors	Measures	Year End Results / Progress
Security Standards		
Adopt the ISO 17799 controls regarding health system security.	Number of ISO 17799 controls implemented.	The previous organizations that now make up Alberta Health Services all had different implementation plans for meeting the Security Compliance Requirements (SCR) goals and were all at different stages of implementation of the various controls. In the past year, Alberta Health Services Information Technology Security and Compliance has worked to inventory the existing controls across Alberta Health Services and is now developing a single, consolidated implementation plan for all of Alberta Health Services. While work has proceeded across AHS on a number of fronts including rationalizing and standardizing numerous controls, given the degree of merger and consolidation, it is extremely difficult to document the exact status of each control in the former organizations that now make up Alberta Health Services. Therefore, the number of controls implemented has not been reported. Alberta Health Services commits to having an accurate report on SCR compliance for the 2009/2010 fiscal year end report, and is targeting a September 2010 completion date for full SCR compliance.
Privacy		
Alberta's privacy legislation, the <i>Health Information Act (HIA)</i> defines the rules of access to and disclosure of information to promote a secure and confidential electronic health record.	Number of staff who have received HIA training in the region.	Alberta Health Services has a legal responsibility to protect the privacy and confidentiality of personal and health information. Information and Privacy Services is committed to achieving such quality and excellence by providing all Alberta Health Services employees and contracted affiliates with learning opportunities to improve their privacy awareness and understanding. This will assist in creating a culture of trust and compliance with privacy legislation. AHS commitment will be to continue privacy and confidentiality training annually and accurately report these results through AHS executive.
Service Management Standards		
For Information Technology (IT) to function effectively, numerous linked processes have to be identified and managed. The Information Technology Infrastructure Library (ITIL/ISO 20000) defines operational processes that, once implemented, will provide ongoing control, greater efficiency and operational consistency; ISO 20000 is emerging as an EHR operational standard.	Number of ISO 20000 controls implemented.	For Information Technology (IT) to function effectively, numerous linked processes have to be identified and managed. The Information Technology Infrastructure Library (ITIL/ISO 20000) defines operational processes that, once implemented, will provide ongoing control, greater efficiency and operational consistency; ISO 20000 is emerging as an EHR operational standard. Fujitsu Consulting Canada provided independent assessment of Alberta Health Services ITIL Maturity. Results used the ITSMF ITIL Process Maturity Framework.

Factors	Measures	Year End Results / Progress														
Data Quality																
As information is increasingly shared across regions and provincially, data integrity becomes an issue. Develop regional data quality plan.	Regional data quality plan completed. Data quality targets (inpatient and ambulatory care data) for 2008/2009. Number of audits/remediation reviews completed.	The nine health regions that now make up Alberta Health Services all were in different stages of developing or implementing their data quality plans. Four regions had Data Quality Plans completed. Alberta Health Services is now developing a single, consolidated Data Quality Framework and Plan with data quality targets. Data quality targets regionally ranged from 80% to 100% with accuracy rates ranging regionally from 94% to 100%. Each region completes numerous audits and reviews prior to submitting monthly Ambulatory Care and Inpatient coded and abstracted data to MACAR. It is extremely difficult to document the exact number of audits/remediation reviews in the former regions that now make up Alberta Health Services.														
Health Information Standards																
Health Information and Technology standardization are required in the interest of international (market) collaboration, provincial interoperability and cross-regional comparability and consistency. The Health Information Standards Committee for Alberta (HISCA) defines and maintains the provincial standards. New and evolving standards under review for the Alberta health system.	Number (and names) of the HISCA standards (data set level) approved and/or being ready for use or already adopted.	Health Information and Technology standardization are required in the interest of international (market) collaboration, provincial interoperability and cross-regional comparability and consistency. The Health Information Standards Committee for Alberta (HISCA) defines and maintains the provincial standards. Currently, all previous regions complied with the Stakeholder Client Data Set and the Stakeholder Demographic Data Set.														
Technology Renewal																
There needs to be renewal of existing technology as well as investment in new development to ensure continued interoperability and information sharing capability.	Current documented regional technology renewal plan in place. Evidence of funding allocated for technology renewal.	As the Alberta Health Services IT organization is relatively new and 2008/2009 was a transition year it is difficult to ascertain each prior regions expenditures and operating costs. Based on the work McKinsey completed in November of 2008, the planned capital and operating expenditures were as follows: <table><tr><th colspan="2">Investments summary for 2008/2009</th></tr><tr><td>Infrastructure support:</td><td>\$93.4M</td></tr><tr><th colspan="2">Capital Expenditures:</th></tr><tr><td>Clinical:</td><td>\$134 M</td></tr><tr><td>Finance Admin:</td><td>\$25 M</td></tr><tr><td>Infrastructure:</td><td>\$40 M</td></tr><tr><td>Total Capital:</td><td>\$199 M</td></tr></table> Each prior region had a technology renewal plan; however, this was disrupted in 2008/2009 due to Executive mandate to restrict expenditures. A plan for 2009/2010 has been developed and is awaiting budget approval.	Investments summary for 2008/2009		Infrastructure support:	\$93.4M	Capital Expenditures:		Clinical:	\$134 M	Finance Admin:	\$25 M	Infrastructure:	\$40 M	Total Capital:	\$199 M
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Total Capital:	\$199 M															

1.3 Cost of Services

Reliable, appropriate and relevant cost of service information is available to advance efficient and cost-effective delivery of health care services.

Factors	Measures	Year End Results / Progress
A Schedule of Health Services, per Guideline and templates developed through cooperation with AHW initiatives to capture and report expenditures along all health care continuums (including mental health).	First year of pilot project is completed.	The cost of health services report has been completed and discussed between the regional health authorities and Alberta Health and Wellness. This is complete. The regional health authorities and Alberta Health and Wellness will be evaluating the potential of expanding the capability of the Cost of Health Services Report.
A review of the <i>Health Authority Schedule of Health Services Guideline for Reporting</i> will determine the required steps to improve consistency in cost and activity measurement and will identify measures of efficiency at an operational unit level.	Definitive measures will be developed following a thorough review and analysis of the initial submissions.	At this time, Alberta Health Services is in the process of establishing a new Finance organizational structure which will help the AHS achieve our goals on Costing (Activity Based Costing Department). AHS will work collaboratively with Alberta Health and Wellness to review and define measures following the submission of the schedule of health services. A Schedule of Health Services, per Guideline and templates was developed through cooperation with AHW initiatives to capture and report expenditures along all health care continuums (including mental health).

2.0 Core Business Two: Mobilize people and partners to improve wellness

The health of Albertans is affected by lifestyle behaviors, employment status, education, environment, early childhood development and genetic factors. The actions and choices that people make in their daily lives and the decisions made by business leaders, industries and communities play a large role in creating a healthy society.

2.1 Health Needs Assessment

Current and relevant health needs information is used in development of the region's three-year health plan.

Factors	Measures	Year End Results / Progress
Demonstrate health assessment is an ongoing, developmental process linked to the regional business planning cycle, rather than a one time event. Communicate the extent and level of consultations to assess the needs of the population and include input from Community Health Council(s) in plan development. Factor in relevant information to provide context about the region's needs. Discuss extent of collaboration with AMHB, partners and other stakeholders to assess mental health needs in the region.	The health plan has factored in current health needs assessment information relevant to the region's communities and key stakeholders.	A variety of activities are underway regionally however they will be merged into a consistent provincial approach. Collaborations and partnerships continued to be the cornerstone of all Alberta Mental Health Board (AMHB) endeavors that assess mental health needs locally, regionally, nationally, and internationally, and address: promotion and prevention.

2.2 Community Health Councils (CHCs)

CHCs are utilized as a source of program planning and service delivery information for regional health authorities (RHAs) on geographic, population and issue based areas.

Factors	Year End Results / Progress
Report how the RHA intends to continuously improve the role and relationship with CHCs in providing effective input. Share issues addressed by CHCs and actions taken.	The new Alberta Health Services structure strongly recognizes the importance of strengthening access and availability of health services. This will be done in a manner that focuses on equitability throughout the province. Community Connections has initiated a process to engage with Community Health Councils province-wide to collect feedback about current and historical operations so that a new provincial Community Health Council Framework can be recommended.

2.3 Wellness and Healthy Living

Regions will set targets and implement strategies to achieve the objectives and targets set out in the *Framework for a Healthy Alberta*.

Factors	Year End Results / Progress
The health plan should report strategies to promote the <i>Framework for a Healthy Alberta</i> .	
The RHA should report annually on its efforts to promote the <i>Framework for a Healthy Alberta</i> consistent with the measures therein.	The new Alberta Health Services strongly recognizes the importance of Health Promotion and a new organizational structure is designed to help achieve our goals on Wellness and Healthy Living. The new organization structure and approach will allow successful innovations to be implemented province-wide.
Work is ongoing to improve healthy behaviors through:	
Physical activity,	- Collaborated in urban planning and provincial walking network to support active living. - Identified best practices for integration of active living into prenatal programming, mental health, injury prevention, schools and child care settings. Developed and implemented a train the trainer model for active living and conducted needs assessment. - Piloted interventions to test for applicability such as School travel pilot support. - Supported provincial guidelines including promotion of Daily Physical Activity and revision of resources for schools. - Collaborated on research and knowledge generation such as physical activity in preschool children in child care settings and workshops. - Supported schools to access the Healthy Weights grant funding such as access to seed funding, Healthy Active Schools Symposium and production of resources (Healthy Fundraising, The Snack Shack) by implementing grant writing workshops and providing consultation and 1:1 support. - Established formal partnerships with School Boards/Divisions and with Ever Active Schools. The goal of the Ever Active Schools program (EAS) is to foster social and physical environments supportive of healthy, active lifestyles in school communities across Alberta.
Eating healthy foods,	- Built knowledge base regarding food security through the development of the Cost of Eating in Alberta 2008 report completed by Alberta Community/Public Health Nutritionists Food Security subcommittee and Dietitians of Canada. - Created food access mechanism within communities including community gardens, good food boxes and collective kitchens. - Developed novel resources to reach diverse populations such as a <i>Cooking Basics</i> DVD to reach low literacy, low income and immigrant families. Feedback from target population includes increased knowledge of food safety, hand washing technique and basic preparation of healthy foods. - Best practices recognition for AHS resource such as Healthy Preschoolers: A guide to writing nutrition and physical activity policies and procedures, is the recipient of a Regional Award from the Dietitians of Canada and is being considered for their National Award; sponsorship of regional staff to present at annual conference. - Promoted the implementation of Alberta Nutrition guidelines through partnership with school boards and divisions throughout Alberta zones. - Created evidence-based initiatives such as classes focused on feeding relationship and nutrition screening by facilitating workshops, provided Nutrition Helpline services, in serviced public health nurses, completed literature review, developed marketing tools and established nutrition screening in community dwelling seniors. - Built capacity within AHS by implementing protocol and standards for monitoring growth of infants, toddlers and preschoolers, and appropriate messaging according to growth assessment. - Created web-based resources such as an updated Sports Nutrition Manual. - Facilitated several events such as the Heart and Health Fair, Alternative Health and Wellness Fair across the Jasper to Cold Lake region. These events featured speakers, health experts and a variety of information to provide members of the public with the tools they need to make healthy choices. Aspen development teams engaged children, youth and families in 18 communities to increase vegetable and fruit intake, promote daily physical activity and reduce screen time. - Expanded the "Moving and Choosing" Initiative to every school within the area, with a Lead Teacher assigned by the Healthy Weights Team, in the Medicine Hat and area. Community Nutrition has advanced food security awareness through the Food Talk/Asset Mapping process. A school lunch menu and recipe book was developed and has been shared provincially.

Factors	Year End Results / Progress
Work is ongoing to improve healthy behaviors through:	
Being tobacco free,	- Delivered training across Alberta to support tobacco cessation. - Collaborated with Smoke-Free Alberta and Alberta Cancer Board to prevent exposure to second-hand smoke in homes and vehicles. - Rolled out the <i>Training Enhancement in Applied Cessation Counseling and Health (TEACH)</i> program which is an accredited, comprehensive, 3-day cessation training program for health professionals (or 1-day training for physicians) developed by the Centre for Addiction and Mental Health (CAMH). - Developed and tested new best practice models in hospitals for province wide applications such as inpatient cessation model; prenatal cessation model, <i>QuitCore</i> cessation program and school youth cessation models with Alberta Cancer Board. - Created, disseminated and supported social marketing initiatives such as Baby Steps campaign, Action of Smoking and Health Earned Media project - released Campus Tobacco Reduction Report Card which rated post secondary institutions on their policies related to tobacco industry funding and sponsorship, Through With Chew Week, February 15 - 21, 2009, National Non Smoking Week, January 18 - 24, 2009, focused on fire prevention theme. Targeted school children K- Grade 3 in collaboration with Fire Halls and "Lose the Spit - Keep your Teeth" dental messaging. - Integrated activities were undertaken within AHS organizations to create a new consolidated structure for provincial tobacco control; merger of work plans continues. - Built knowledge base such as development of Alberta Tobacco Survey; Interdisciplinary Capacity Enhancement research initiative (federal funding) with mental health across three provinces. - Developed novel resources for sport coaches such as spit tobacco awareness manual for coaches in hockey, soccer and ball to use with their players.
Not abusing alcohol and illegal drugs,	- Collaborated with schools and community based partners to address youth alcohol use. - Partnered with health, children's services, education and various community agencies from Jasper to Cold Lake resulted in the development of the Northwest Central Network for Fetal Alcohol Spectrum Disorder (FASD).
Taking steps to prevent injury,	- Implemented and supported provincial initiatives such as the Alberta Occupant Restraint Program; Alberta Traffic Safety Plan, Alberta Child Restraint Education Study (ACRES). - Collaborated with traffic safety partners regionally and across the province for implementation of the priorities of the focusing on occupant restraints, speed, intersections and impaired driving. - Implemented strategies such as Check Stops for occupant restraints continue, <i>Every Ride a Safe Ride Class</i>, <i>PARTY</i> program in schools, <i>Smart Risk</i> initiative and <i>Curb the Danger</i>. - Knowledge developed such as understanding health care impact and costs of traffic collisions as part of the launch of automated enforcement cameras for speeding through intersections, assessment of care provider needs regarding falls prevention, seniors' driving forum, workshop for safe communities across Alberta entitled <i>Targeting Safety in Your Community: People, Places and Policies</i>; developing data sources such as <i>Profile of Injuries</i> and <i>The Imperative for Injury Prevention</i>. - Received best practice designations such as redesignation of Calgary as a safe community by the World Health Organization and Safe Communities Canada with continued support to Safer Calgary from the health sector. - Used the opportunity of routine vaccination visits to provide information to parents about injury prevention. - Developed and disseminated resources such as on-line learning module for professionals, the Playground Resource Manual for Volunteer Groups, Canadian Falls Prevention Curriculum. - Collaborated with local and provincial partners such as Alberta Fall Prevention Network, Impaired Driving Committees; Alberta Centre for Injury Control and Research (ACICR) to promote provincial legislation related to ATV safety and development of key messages for provincial awareness campaign. - Participated in a lead role in the development of the South Eastern Alberta Traffic Safety (SEATS) Coalition. Collaborated with community partners, health and injury prevention among older adults was promoted through an Older Adult Resource Fair and <i>Feeling Fine in 2009</i> Fair. - Established an Injury Prevention Plan in collaboration with Red Deer Community Foundation provides an independent injury prevention fund. - Promoted the implementation of the Provincial Suicide Prevention Strategy. - Collaborated initiatives such as Calgary and Area Suicide Prevention Council. Key activities include but are not limited to on education and raising awareness. In addition to maintaining work with other at risk groups, an increased focus on men at risk and emerging men's service network of Alberta. - Implemented Footsteps aftercare as a best practice for reducing the risk of suicide.

Factors	Year End Results / Progress
Work is ongoing to improve healthy behaviors through:	
Enjoying good mental health,	- Promoted social marketing campaigns for mental health and mental illness literacy such as annual awareness weeks and resource development under theme Community Health is Community Wealth and new resources promoting positive mental health were launched. - Provided information to improve mental health; such as lecture series telehealthed to over 25 sites across the province, HeartMath stress reduction workshops and Mental Health First Aid. - Developed best practice resources such as research initiative with Resiliency Canada to create an aging adults resiliency tool and nearing the completion of its norming phase. - Supported community interventions such as workshops and public lecture about the socialization of men and boys, Applied Suicide Intervention Skills Training (ASIST) workshops with urban and rural police services and RCMP; community helper pilot project; is gaining legitimacy and membership.
Reduce cancer and	- Demonstrated effective integration of services between jurisdictions and sectors in breast and prostate cancers. Improvements for breast cancer patients include central intake for diagnosis and treatment, creation of patient navigator and breast expert roles, a provincial patient education package and a Quality Assurance program for participating specialist consultants. For prostate cancer, a provincial Reference Guide for Evaluation and Referral for Prostate Cancer, a patient education framework, directory of resources and patient education package; data elements and measurement for access; and piloting of a provider education tool were developed. - Increased capacity to perform screening endoscopies and to address growing waitlists through the Colorectal Cancer Screening Program, in Lethbridge and Area. The unused Operating Room area in the Coaldale Health Centre was renovated to provide two endoscopy suites. Since the opening of this unit in November 2008, the majority of Lethbridge endoscopists have eliminated their waitlist. - Provided One-Stop Shopping Women's Wellness day at the Community Village in Grande Prairie one Tuesday per month. Women receive pap screening, check-ups, STI and Sexual Health education, immunization, and nutrition education. The clinic is in partnership with HIV North outreach, AADAC and our aboriginal liaison. - Partnered with the Alberta Colorectal Cancer Screening Program (ACRCSP), the Northern Lights and Calgary regions, to successfully implement a patient reminder system for individuals who have abnormal Fecal Occult Blood Test (FOBT) results in their respective catchment areas, and is in the process of planning and implementing a similar system in former Chinook and Palliser regions. - Completed the first phase of a ACRCSP social marketing campaign designed to increase target Albertans' awareness and knowledge of colorectal cancer and colorectal cancer screening and to increase primary care physicians' knowledge and adoption of colorectal cancer screening practices with their patients. - Continued to send out cervical cancer screening invitation letters to women living in Calgary and Palliser regions who did not have a record of Pap testing since the Alberta Cervical Cancer Screening Program (ACCSP) began. - Continued to implement an ACCSP social marketing plan and the targeted interventions aimed to improve update of cervical cancer screening. - Supported the development of the ACRCSP and ACCSP application to implement a province wide program. - Continued the Alberta Breast Cancer Screening Program (ABCSP) work with key partners to increase the update of screening mammography and improve program services delivery to meet the needs of the program target population. - Annual screening rate for eligible women in Calgary and Palliser regions where ACCSP has been implemented was 43.3% in calendar year 2008 (provincial rate was 39.5% in the same year). Approximately 66% of eligible women in these two regions have had at least one Pap test in the last three years. - The proportion of women aged 50-69 years who had a screening mammogram in two years (calendar year 2007/2008) was 55.5%.
Immunization against vaccine preventable diseases,	- Opened the new Public Health location in Fort McMurray this past year, moving out of the hospital and closer to the community. In 2008/2009, there was an increased focus on enhancing public and school health, including school partnerships. Collaboration with school divisions to implement a comprehensive school health approach occurred over this past year. In addition, access to sexually transmitted infection screening and enhanced immunization occurred in the communities. - Expanded evening clinics, in Jasper to Cold Lake, to offer vaccines in homes, workplaces and community agencies (i.e. Native Friendship Centres). Drop-in clinics have been established in all areas to expand choice to clients. - Partnered with the Primary Care Networks, in Red Deer and Area, to address the prevalence of sexual transmitted infections (STI) and the impact of syphilis outbreaks. - Used Innovation in Immunization Grant Funding to increase immunization rates among children from birth to preschool which resulted in increased rates in the Medicine Hat and Area.

Factors	Year End Results / Progress
Work is ongoing to reduce chronic diseases such as	
Heart disease, cancer, chronic obstructive pulmonary disease and type 2 diabetes.	- Developed social marketing included evaluation of the second pulse of <i>Stand Up for Your Life</i>, a cancer prevention social marketing campaign is completed and a report anticipated by end of May 2009. - Completed pilot project Weight management intervention included enrolment in <i>BENEFIT</i>. Approximately 150 participants have collectively lost over 1,400 lbs. to date. - Collaborated intersectoral such as partnership created with Alberta Employment and Immigration to develop an occupational cancer strategy. - Offered the Living Well Program which consists of three pillars; an exercise program, self-management program and education sessions, in many regions. - Co-lead with the Provincial Child Health Working Group which was established to optimize health outcomes across the province. The working group is comprised of 27 members from Fort McMurray, Grande Prairie, Edmonton, Red Deer, Calgary, Lethbridge and Medicine Hat who connect weekly via teleconference. Currently working on the Alberta Provincial Childhood Asthma Pathway Initiative to look at existing asthma pathways, initiatives and policies in the province and working with key stakeholders at acute care sites, primary care networks and other local champions. - Provided Breathe Easy Telehealth Initiative - The COPD Breathe Easy Program to clients by the Respiratory Therapy staff as well as Telehealth education sessions by the Caritas Centre for Lung Education in Jasper to Cold Lake. - Established the first Heart Function Clinic in south eastern Alberta. - Integrated services for people living with chronic heart failure by creating the Heart Failure Network (HFN), an extension of the specialty Heart Function Clinic (HFC). The goal of the network is to improve access to quality and timely care by educating and supporting a committed "network" of health care providers across the continuum in comprehensive, evidence-informed heart failure care. An urban-rural HFN was created connecting acute care and emergency departments to local primary care sites, ensuring a consistent approach to chronic heart failure management in our geographically diverse region. Alberta Provincial Stroke Strategy - Launched in Edmonton, in conjunction with Calgary, a TIA (transient ischemic attack) hotline, enabling physicians in northern Alberta to obtain consultation from stroke specialists on TIA triage and management. The TIA hotline/ASPIRE project is the only program of its kind in Canada. - Operated two rural primary stroke centres successfully at Hinton and Cold Lake with the Westlock Healthcare Center. A new stroke prevention clinic began operation in Slave Lake. St. Paul is developing a stroke prevention clinic in conjunction with its PCN. A dysphagia initiative consisting of standardized bedside swallow assessments has been initiated at sites across the area from Jasper to Cold Lake. A new TIA management guideline has been rolled out across acute care sites regionally. Alberta Hip and Knee Initiative - Rolled out a new model of care for hip and knee replacements across Alberta through the Alberta Bone and Joint Health Institute which is helping health care administrators and physicians. The model, evaluated in a year-long research study in Calgary, Edmonton and Red Deer, takes an entirely new approach to care for hip and knee replacement patients. It is an approach based totally on the best evidence available worldwide. Care is delivered by multidisciplinary teams. Services are fully integrated and standardized so that patients receive the same type and level of treatment regardless of where they are located in Alberta. Alberta Cardiac Access Collaborative (ACAC) Created new care delivery models and implemented best practices across Alberta in four streams across the continuum: Heart Attack, Patient Navigation, Heart Failure and Arrhythmia via the Alberta Cardiac Access Collaborative (ACAC). Highlights include: - The Heart Attack initiative educated over 1,620 staff regarding standardized reperfusion protocols. New Segment Elevation Myocardial Infarction (STEMI) care pathways have been implemented in several communities across Alberta. - The Patient Navigation initiative resulted in 12 patient navigators helping over 2,500 patients. Improved coordination, decreased duplication, increased patient preparedness and facilitated transition of care between healthcare providers and services. - The Heart Failure initiative has implemented multi-disciplinary heart failure clinics in Camrose, Wainwright, Fort McMurray, Grande Prairie and Medicine Hat to ensure that all patients have access to this valuable service. Since implementation, over 200 patients have been referred to these new clinics with reduced travel time for patients and improved the quality of care.

2.4 Mental Health

Mental health services are integrated with RHA operations to improve access to meet demand for mental health services in accordance with the Provincial Mental Health Plan (PMHP).

- Work is well underway to merge functions within Alberta Health Services in a manner which will help achieve goals of Mental Health Services and which will facilitate action on recommendations made by the Auditor General.
- A variety of activities are underway to maximize mental health and well-being among individuals, families, communities and populations by identifying gaps, improving coordination and ensuring evidence based standards. Prevention initiatives promote positive mental health practices and the early detection of mental health problems across the lifespan.

Factors	Year End Results / Progress
The RHA reports annually on at least its top three priorities to improve mental health services with specific reference to its provincial mental health plan as well as results of participation in provincial promotion and awareness strategies.	
RHAs collaborate with key stakeholders to advance mental health priorities as identified in the PMHP.	▪ Integrated Addiction and Mental Health into one health delivery system that builds on and enhances successes achieved by Alberta Alcohol and Drug Abuse Commission (AADAC), Alberta Mental Health Board (AMHB) and the former health regions, through action plan development delineating performance and accountability, expectations and timelines, and participation in AHS Strategic Direction initiative development. ▪ Monitored Mental Health Innovation Fund projects (\$75 million over three years) that improve access to mental health services. Outcomes being realized include: collaborative initiatives that expand the range of specialized mental health programming for children and adolescents, and enhance the capacity of community mental health clinics; culturally sensitive care and evaluation methods to enhance rural outreach services for Aboriginal peoples; a variety of supportive housing and transitional suites, rehabilitative and short term services to transition clients back into the community; and a significant reduction in wait time for clients in crisis. Validation of these achievements was evinced by AHW's announcement that Innovation Funds will be annualized commencing in 2009/2010.
Regional research and evaluation plans align with the provincial research plan.	▪ Implemented the first Provincial Telemental Health Plan 2008-2011 to connect people with the mental health system and improve service using technology to facilitate delivery, education and administrative activities at a distance. ▪ Participated in the accredited Telelearning series increased by 20% from 2007/2008 to 2008/2009, with sessions on Family Therapy, Concurrent Disorders, Forensic Education, School Based Mental Health, Aboriginal Speakers Forum, and Motivational Interviewing (new for 2008/2009). Clinical consultations also increased by 22% over the same period. ▪ Addressed resiliency for seniors and caregivers in a well received 24 page booklet <i>Mindful Aging</i> containing practical tips on embracing change and aging, an outline of mental illness symptoms in the elderly and a list of resources. ▪ Promoted the theme of <i>Minding the Workplace</i> for Mental Health Week 2008 online with fact sheets for employees, employers and decision-makers in the workplace to promote recognition of the importance of mental health in the workplace provide tools, strategies and information to address mental health and support work-life balance. ▪ Increased the number of instructors to meet provincial and national demand for Mental Health First Aid (MHFA) Canada as of March 31, 2009 more than 16,000 participants have been taught by 254 instructors. The basic course aims to: educate participants and help them identify signs of mental health problems in themselves, co-workers, friends, family and even strangers; teach participants how to support the individual and to help seek appropriate help for them; and reduce the stigma of mental illness. The Mental Health First Aid Canada (MHFA) Youth version (ages 12-24) with topics particularly relevant to youth (eating disorders, self harm behaviors, etc.) was successfully launched and evaluated in Alberta junior and high schools using a Contact Management and Report Generation computer application to facilitate analysis. ▪ Piloted FRIENDS for Life, a school-based mental health anxiety prevention program developed in Australia that helps children and teenagers cope with feelings of fear, worry, and depression by building resilience and self-esteem and teaching cognitive and emotional skills in a simple, well structured format. Evaluation will be completed in the fall 2009. ▪ Organized Mental Health Capacity Building (MHCB) Project Connecting for Kids Conference in Calgary. Staff of the 5 original Innovation Funded projects shared what they had learned from this collaborative inter ministerial endeavor that brings together teachers and other school personnel, parents, health care professionals and community organizations at the grassroots community level to help children learn how to self-protect their mental health from an early age. Twenty seven MHCB expansion sites continue to be implemented across the province. ▪ Received awards in two of the 5 original Mental Health Capacity Building pilot projects for their work: Edmonton's Jasper Place High School STAR (Strength, Tolerance, Attitude and Resilience) Program won the "2008 Celebrate Mental Health Awards - SCHOOL Award" from the Canadian Mental Health Association - Edmonton Region; the Grasslands Innovations Project in Brooks received an Alberta Healthy Schools award. ▪ Designed online software program "Child and Adolescent Behavior Toolbox (CABT)", for mental health practitioners and professionals who work with children and youth with developmental and behavioral problems, continued to be well utilized as indicated by the increase in web hits.

Factors	Year End Results / Progress
The RHA reports annually on at least its top three priorities to improve mental health services with specific reference to its provincial mental health plan as well as results of participation in provincial promotion and awareness strategies.	
RHAs have processes in place to support and implement best/leading practices. Mental health programs have ongoing evaluations.	- Approved the implementation plan by the Alberta Suicide Prevention Advisory Committee for the Alberta Suicide Prevention Strategy and is in use by local, zonal and provincial organizations to guide actions and service delivery. - Received a provincial award for "Excellence in Injury Prevention Strategies" at the Injury Control Conference in recognition of the increased awareness afforded by the strategy, the inherent interrelationship between injury prevention and suicide prevention, and the understanding that information and education can have a positive effect on attitudes and behaviors. - Advanced online describing programs and initiatives related to targeting vulnerable populations, children, youth, and those bereaved by suicide through the theme of World Suicide Prevention Day "Think Globally, Plan Nationally, Act Locally". - Participated in a Think Tank on Mental Health Promotion and Mental Illness Awareness in Calgary, to discuss mental health promotion and illness prevention in other national jurisdictions, in order to provide recommendations for an integrated mental health strategy for Canada with public and private sector mental health stakeholders. A dialog with a key sponsor, the Mental Health Commission of Canada (MHCC) had a direct impact on the development of their framework "Toward Recovery and Well-Being – A Framework for a Mental Health Strategy for Canada" through their second goal: "Action is taken to promote mental health and well-being and to prevent mental health problems and illnesses". - Participated in conferences and presentations from Children's Mental Health Capacity Building projects, to Telehealth, and A CALL TO ACTION: The Alberta Suicide Prevention Strategy; - Provided resiliency publications for children (Bounce Back Books) and seniors (Mindful Aging); - Supported knowledge transfer and advice (participation in Mental Health Commission of Canada Science and Knowledge Exchange Centre standing committees; Mental Health Innovation Fund projects); - Produced the first iteration of the report titled "System Level Performance for Mental Health in Alberta, 2007/2008" based on the "Mental Health Performance Monitoring Framework for Alberta's Mental Health System" to guide provincial level evaluation activities and information collection processes in Alberta. The second iteration of the report is underway using 2008/2009 data.
Implement strategies to collaborate with forensic services provided through the Provincial Forensic Psychiatry Program (e.g. Community Geographic Team and Community Justice).	Achieved successes addressing the Alberta Forensic Psychiatry Program Review recommendations through Crime Reduction and Safe Communities with: 9 additional beds for the Southern Alberta Forensic Psychiatry Centre; development of draft standards of assessment (admission, risk, treatment) for the Forensic Mental Health Program (Diversion Program standards have been developed); a request for proposals for a Not Criminally Responsible (NCR) Group Home (and temporary use of twelve beds until the group home opens); and expansion of both the Family Violence Treatment and Diversion Programs.
Implement strategies to collaborate to advance the priorities of the PMHP.	- Continued to advance the Children's Mental Health Plan for Alberta 2008 – 2011, participating in the Action Plan Working Group with mental health and addiction leaders to create a detailed action plan, with appropriate accountability components for evaluation, monitoring and reporting. - Provided a summative evaluation report for the Aboriginal Youth Suicide Prevention Strategy (AYSPS) on the first 3 pilot communities which indicated that protective factors such as cultural camps, suicide prevention walks and runs and other community events can aid in the prevention of Aboriginal youth suicidal behavior. These findings were summarized in at the AMHB Mental Health Research Showcase session entitled "What is Working, What is Hopeful: Sharing Stories of Success Among Aboriginal Youth", reiterated in a collection of stories compiled for a resource book "Spirit of Living: Vision of Hope", and were also evident in the choice of a new name, vision, mission and goals for the strategy, "Honoring Life: Aboriginal Youth and Communities Empowerment Strategy (AYCES)", that reflects the shifting away from suicide prevention and moving towards enhancing well-being at a holistic level. The implementation of the strategy continues with new the pilot communities of Hobbema and Dene Tha.

2.5 Aboriginal Health

Alberta Health Services is partnering with Alberta Health and Wellness, the Aboriginal communities, the First Nation's communities and Inuit Health Branch to develop surveillance and reporting protocols to reduce the disparity in Aboriginal Albertans' health outcomes. This work is ongoing, with customized programs for Aboriginal populations to be developed by 2009/2010.

Factors	Year End Results / Progress
Diabetes prevention Identify key strategies to provide diabetes programs and report progress. Suicide prevention: Identify strategies to prevent suicide, e.g. youth resiliency program. Infant mortality: identify strategies to reduce infant mortality. Fetal Alcohol Spectrum Disorder (FASD): identify initiatives planned/in place to prevent FASD.	- Provided a summative evaluation report for the Aboriginal Youth Suicide Prevention Strategy (AYSPS) on the first 3 pilot communities which indicated that protective factors such as cultural camps, suicide prevention walks and runs and other community events can aid in the prevention of Aboriginal youth suicidal behavior. These findings were summarized in at the AHS-AMHB Mental Health Research Showcase session entitled "What is Working, What is Hopeful: Sharing Stories of Success Among Aboriginal Youth", reiterated in a collection of stories compiled for a resource book "Spirit of Living: Vision of Hope", and were also evident in the choice of a new name, vision, mission and goals for the strategy, "Honoring Life: Aboriginal Youth and Communities Empowerment Strategy (AYCES)", that reflects the shifting away from suicide prevention and moving towards enhancing well-being at a holistic level. All 5 AYCES pilot sites (including the newest communities of Hobbema and Dene Tha) are completing final progress reporting. - Collaborated with II PAA TII PI and Urban Aboriginal suicide prevention committee on suicide prevention strategies. - Completed knowledge development such as culturally appropriate grief workshop and in process of developing culturally appropriate Aboriginal suicide prevention workshop. - Completed evaluation of first year of federal funded projects. Grant funding was obtained through the Aboriginal Youth Suicide Prevention Strategy. - Increased the capacity of community members to address suicide via community interventions such as Applied Suicide Intervention Skills Training (ASIST) workshops held six times a year. Have funded the training of four Aboriginal community members to become ASIST trainers and offer this suicide prevention training in their communities. - Provided cross-cultural education for staff, recruitment of Aboriginal liaison workers, recruitment and retention of Aboriginal people in the health care system initiatives. - Provided resource development such as video on triage for use by HUTV (Health Unlimited TV) in Emergency in development. - Continued to maintain four primary care clinics in the north of this region (Red Earth, Peerless Lake, Trout Lake and Chipewyn Lake) and the four eastern Métis Settlements (Elizabeth, Kikino, Fishing Lake, and Buffalo Lake). The region also entered a partnership with the Tribal Chief Venture, Treaty six, to identify areas to engage in joint health service and program planning. - Provided Aboriginal Health Prenatal Wellness Program, in the Red Deer and Area, to improve outcomes for Aboriginal mothers. Aboriginal Chronic Disease Management Strategy through partnership with Rocky Mountain House Primary Care Network and First Nation communities developed a comprehensive Aboriginal Chronic Disease Management Strategy offering culturally appropriate services. A Mental Health Walk-in service model, the Tipi model, is in use to address high-risk health issues for Aboriginals.

3.0 Core Business Three: Monitor and manage health system performance and risks

Alberta Health Services (AHS) continuously monitors compliance with accepted standards and performance targets. AHS also promotes the adoption of improved practice norms, technological and scientific advances.

3.1 Quality of Service

Factors	Measures	Year End Results / Progress
Accreditation		
Accreditation provides independent assurance to the board, the minister and the public that a care-provider site or program is able to provide appropriate quality services to protect the public and to demonstrate that quality improvement is pursued.	Report on the current accreditation status of the health authority and contracted facilities/services. Report on initiatives to address issues identified in the accreditation review.	Health authorities deliver people-centered, quality health services through accreditation. The accreditation process is under review with a provincial focus. A variety of activities continue at a regional level to provide appropriate quality services to protect the public and to demonstrate that quality requirements are being met and improvement is pursued. An Accreditation Forum with Executives from AHS and Accreditation Canada was held on June 8 to discuss the plan for AHS accreditation and some of the challenges that may arise with accrediting a large health provider as a single entity. The model for AHS accreditation will continue to be developed and negotiated to ensure the outcome benefits the organization. The former Northern Lights Health Region underwent a mixed accreditation process (AIM and Qmentum) in March 2009 and is awaiting results. The former Peace Country Health Region underwent Accreditation Canada's new Qmentum survey process in May 2009 and is awaiting results.
Satisfaction with Health Care Services		
The HQCA prepares an annual survey of Albertans on satisfaction with health care services. The council works with government and RHAs on strategies to make sure Albertans are well served by the health system including identifying best practices, and reviewing and monitoring health care quality.	In response to the HQCA survey, results outline plans and actions to address specific initiatives for improving patient quality. Outline <i>Safer Healthcare Now</i> initiatives.	Completed and disseminated the HQCA results for a provincial Emergency Department survey as well as a Continuing Care survey. There are a number of <i>Safer Healthcare Now</i> initiatives underway across the province. Work has begun in order to demonstrate a consistent provincial approach to implementing and evaluating the <i>Safer Healthcare Now</i> best practices.
Patient Concerns Resolution Process		
Patient Concerns Resolution Process Regulation has been implemented. The regulation focuses on the resolution of patients' concerns. Health Quality Network of HQCA developed a Patient Concerns Resolution Framework. The aim of the framework is to improve the links between complaints/concerns management, patient safety and quality improvement.	Outline strategies undertaken to implement the Patient Concerns/Complaints Resolution Framework across the region, including contracted facilities/services.	Developed a draft framework for a provincial Patient Concerns Resolution Process. Gained consensus on data and reporting categories for patient concerns and commendations across the province. Data collection using the new methodology began April 1, 2009. Following the appointment of the Patient Concerns Officer - the Office of the Patient Concerns Officer is being developed to ensure neutrality in the review for administrative fairness.

Factors	Measures	Year End Results / Progress
Mortality Ratio		
In November 2007, Canadian Institute for Health Information (CIHI) will be releasing a report on hospital deaths using the Hospital Standardized Mortality Ratio method of analysis and reporting.	Outline strategies for reducing unexpected deaths.	A Provincial approach is being developed to using Hospital Standardized Mortality Ratio (HSMR). This will include formation of a Provincial Working Group to monitor HSMR results, development of an education plan to assist in understanding and using HSMR, and development of triggers to indicate when HSMR results may require further investigation. Potential strategies to reduce unexpected deaths will be a deliverable from this work.
Disclosure of Harm Framework		
Health Quality Network of HQCA developed a Disclosure of Harm Framework. The framework provides information to health care providers throughout the province about engaging in effective and supportive disclosure processes with patients and families.	Outline strategies undertaken to implement the Disclosure of Harm Framework across the region, including contracted facilities/services.	Established a working group to develop a provincial policy for disclosure. The former Regions had policies in place; however a consistent provincial approach is required. Once the policy is complete, an education plan will be developed to support the roll out of disclosure training province wide.
Access:		
Provincial/Territorial (P/T) Benchmarks In 2004, P/T Ministers of Health established benchmarks in five priority areas in an effort to reduce wait times: - Coronary Artery Bypass Graft (CABG) - Level 1: 2 weeks; - Level 2: 6 weeks - Level 3: 26 weeks - Hip and Knee Replacement (all cases within 26 weeks). - Cataract removal surgery (priority cases within 16 weeks). - Percentage of hip fractures repaired within 48 hours of admission.	Report on initiatives to meet the P/T Benchmarks by March 2008. Annually, outline specific strategies and action to reduce wait times and the number of people waiting. Report on targets for the next three years. If the RHA does not provide service, identify strategies being undertaken to ensure residents are getting timely access in another region. Report on progress in implementing the Wait Time Management Steering Committee projects and the Access to Services Business Strategy.	Work is underway to review the methodology utilized for the Alberta Waitlist Registry to ensure data accuracy and consistency in interpretation and definitions. Coronary Artery Bypass Surgery (CABG) is only performed in Calgary and Edmonton. Alberta Cardiac Access Collaborative (ACAC) has created new care delivery models and implemented best practices across Alberta in four streams across the continuum: Heart Attack, Patient Navigation, Heart Failure and Arrhythmia. Hip and Knee Replacement: Alberta Bone and Joint Health Institute is helping health care administrators and physicians roll out a new model of care for hip and knee replacements across Alberta. The model, evaluated in a year-long research study in Calgary, Edmonton and Red Deer, takes an entirely new approach to care for hip and knee replacement patients. It is an approach based totally on the best evidence available worldwide. Care is delivered by multidisciplinary teams. Services are fully integrated and standardized so that patients receive the same type and level of treatment regardless of where they are located in Alberta. - Median wait times for elective primary hip replacements ranged regionally from 11 weeks to 24 weeks in 2008/2009. - Median wait times for elective primary knee replacements ranged regionally from 17 weeks to 24 weeks in 2008/2009. - Elective cataract removal surgery wait times ranged regionally from 8 weeks to 16 weeks. - Percent of hip fracture surgery on same or next day, risk adjusted, people 65+ (CIHI 2006/2007) ranged regionally from 49.2% to 82.5%. Percent of hip fracture surgery on same, next, or day after, risk adjusted, people 65+ (CIHI 2006/2007) ranged regionally from 76.5% to 94.7%.

Factors	Measures	Year End Results / Progress
Access - Children's Mental Health Services:		
The Alberta access goal is 12 weeks for "Scheduled" category services.	Report on initiatives to meet the Alberta goals by 2008/2009. Annually, outline specific strategies, action and targets to reduce wait times and the number of people waiting.	In 2008/2009, all nine health regions met the goal of 12 weeks. Lethbridge area had wait times within 1 day. The annual results were generated using the population health perspective, based on the home address of the child at the time of service. The data reflect children who were enrolled in programs at community mental clinics within the fiscal year and include all levels of urgency. Waiting time is the number of days between referral and the first face to face assessment. The median wait time ranged regionally from same day to 41.5 days. 78% waited less than 30 days. Alberta Health Services appointed the implementation of the Action Plan to Addiction and Mental Health which in turn assigned the development of a detailed action plan to the provincial Children's Mental Health Working Group (CMHWG) which is made up of the mental health leads of the former health regions and other stakeholders for children's mental health. The expertise of this diverse group has informed all aspects of the detailed action plan enabling appropriate strategies to be devised and barriers to be overcome. A flexible plan has been designed in order to allow the components to be adjusted in response to changing circumstances. Accountability has been addressed at all stages of the plan's development. The creation of this plan represents the first opportunity for the provincial Children's Mental Health Working Group (CMHWG) to truly work as one organization across the province. The process has provided opportunity for learning about what is currently occurring in different areas of the province and developing an understanding of the unique needs of each geographic area. The implementation of the plan will further develop the relationships between Zones and ensure equitable access to services for all Albertans, regardless of where they live in the province. The working group is implementing a provincial approach in terms of accountability. Based on the accountability framework, all proposals related to this plan will be reviewed by the working group to ensure established budgets consistency and that expected outcomes and measures are met.
Access - Radiation Therapy		
Expanding radiation therapy capacity Cancer wait times for radiation therapy (all cases within four weeks of readiness to treat).	The ACB and affected regions to report on strategies to implement the radiation corridor by 2010.	The Radiation Therapy Corridor project is a ministerial approved and funded initiative with a commitment to the implementation of a wait time guarantee and recourse policy by March 31, 2010. - Increased capacity and access will be achieved through development of distributed Radiation Therapy sites in Lethbridge (2010), Red Deer, and Grande Prairie. - The Lethbridge site is under construction with a planned occupancy of February 2010 and first Radiation Therapy treatment April 1, 2010. Construction is on schedule and budget. Functional planning is complete for the Red Deer site with design work scheduled to begin in June 2009. Planning for the Grande Prairie site has not started. - Developed a staffing plan and recruitment schedule with recruitment started for the Lethbridge site. - Completed major equipment tendering for 3 of 4 major components. This tendering has been completed for all 3 sites to ensure transferability and efficiency. - Completed distribution on Radiation Oncology clinical practice guidelines for the tumor sites to be treated. - Data elements and reporting tools to monitor wait times and support the wait time guarantee are under development. Radiation therapy in Alberta is available only at tertiary cancer centres (Cross Cancer Institute in Edmonton and Tom Baker Cancer Centre in Calgary). Chemotherapy is available at all cancer facilities; however wait time data is only currently available at the tertiary cancer centres. We are working to make it available provincially. Number of calendar days by which 90% of patients had their first radiation therapy for 2008/2009 was 90 days.

Factors	Measures	Year End Results / Progress
Access - Emergency Department (ED):		
Demand for ED services and overcrowding affects timely access to care within the department and the continuity of care beyond the ED.	Report on initiatives to improve timely access to ED services and the outcome of strategies to address ED overcrowding.	Established during 2008/2009 an AHS Emergency Department (ED) Integration Team to address key operational areas, with a provincial focus on enhanced care pathways. Their purpose included sharing of knowledge, research and supporting change and innovation, to strengthen provincial services. Goals of improving access and quality of care for emergency patients included improving ED access, safety, efficiency, effectiveness and patient satisfaction The Emergency Department Integration Team (EIT) objectives were: ▪ Leverage existing reports, studies and documents on ED and system performance. ▪ Develop a provincial ED indicator data set and benchmarking. ▪ Develop innovative models for optimizing delivery of emergency care. ▪ Address best practices in the delivery of emergency care in Alberta. ▪ Linking, consultation and transfer strategies between rural, urban and tertiary EDs to enhance care and transfer of critically ill patients. ▪ AHS ED Integration Conference. ▪ Review emergency workforce - current shortfalls and forecast future needs. ▪ Establish strategies to sustain the gains.
Infection Prevention and Control (IPC)		
Provincial IPC Review Implement strategies to address issues identified in the provincial IPC review.	Report on strategies/actions to address IPC	The new Alberta Health Services strongly recognizes the importance of Infection Prevention and Control, and a new organizational structure has been designed to help achieve our goals related to Infection Prevention and Control (IPC). A variety of activities are underway regionally however they will to be merged into a provincial direction once strategic priorities have been established.
Provincial (Methicillin-Resistant Staphylococcus aureus (MRSA) guidelines. Implement the Provincial MRSA Guidelines Requirements for reporting surgical site infection (SSI) 2008/2009 (see Safer Healthcare Now! Campaign)	Report on actions taken to implement the MRSA Guidelines	Alberta Health Services is working towards implementation of the Provincial IPC standards released in January 2008. While significant compliance has been achieved in many areas, full implementation is not feasible without addressing systems level issues including: adequate staffing levels for IPC, addition of capacity and training for Medical/Surgical Device Reprocessing (equipment, space, staff), and sufficient resources to support MRSA screening programs. The first provincial surveillance target for IPC is under development, a baseline rate for MRSA. Alberta Infrastructure provided the former regions with funding to support improved access to hand hygiene. Scope of work and budget allocation has been determined and installation /remediation work is underway.

3.2 Primary Health Care Reform

Primary health care is the first point of contact people have with the health system, where health services are mobilized and coordinated to promote health, prevent illness, care for common illness and manage ongoing problems.

Primary health care is important. Available evidence shows a strong primary health care system improves the health of individuals and overall health of populations. Good primary health care increases access to health services, improves preventative care such as blood pressure screening, and reduces rates of hospitalization and use of emergency rooms.

Primary health care is not a single program that can be designed, developed and implemented. Primary health care reform is about fundamental change across the entire health care system. It is about transforming the way the health system works today by:

- taking away the overwhelming focus on hospitals and medical treatments
- breaking down barriers that too frequently exist between health care providers, and
- putting the focus on consistent efforts to prevent illness and injury and improve health.

The overall aim of primary health care reform is to significantly increase the importance of the first line of care and those who deliver "first contact" services.

Factors	Measures	Year End Results / Progress
Service to a Defined Population		
Increase the proportion of the population having access to primary care organizations accountable for the planned provision of a defined set of comprehensive services to a defined population.	Percentage of regional residents enrolled in a PCN (source – PCN Management Reports). Approximately 61% of Alberta residents are enrolled with a physician participating in a PCN in 2008/2009. Percentage of primary care physicians participating in a (source – PCN Management Reports). Approximately 60% of Alberta primary care physicians are participating in a PCN in 2008/2009. Number of primary care physicians participating in an alternate relationship plan or an academic alternate relationship plan (source – RHA self-report). Data currently in transition between the Compensation Unit, AHW and ARP Program Management Office.	▪ Alberta Health Services strongly recognizes the importance of Primary Health Care, and the new organizational structure is designed to help achieve our goals to advance Primary Care Reform. ▪ A variety of activities are underway regionally however they will to be merged into a provincial direction. ▪ Primary Care Networks (PCNs) have been formed in Alberta through a trilateral collaboration between Alberta Health and Wellness, Alberta Medical Association and Region Health Authorities. Currently, just over 60% of Alberta General Practitioners are enrolled in a Primary Care Network and more have expressed interest in participating. AIM (Access, Improvement, Measures) Collaboratives, a structured and guided improvement process was initiated in 2007 to support primary care clinics in Networks to make the high leverage changes that work. Five Collaboratives were completed by the end of 2009, AIM 6 commenced in May 2008 (completion in June 2010). Nineteen PCN's have had at least one clinic participate in AIM. ▪ The processes which demonstrate success: measuring and matching demand and supply to improve access and efficiency, optimizing the use of physician time by supporting medical work with operational and clinical care teams, and planned, coordinated and comprehensive care of each physician's panel (group of patients) to improve clinical outcomes. Complementary work has been undertaken to support and incent such practice with the recent development of the Performance/Diligence Indicators Fund for primary care physicians. The first bundle of indicators is near completion. ▪ It has also been identified that the principles of improvement central to AIM are of great value in supporting coordinated, timely care in other parts of the health care system. Initial steps have been taken in linking medical specialists as well as specialty AHS programs into AIM Improvement Collaboratives, with much work remaining to be done here over the next year. To date, 36 specialty clinics (or regional specialty programs) have participated. ▪ At the close of this fiscal year, we have 30 PCN's of various sizes established in the province. We have now issued an open-ended invitation to submit Letters of Intent for participation.

Factors	Measures	Year End Results / Progress
Increased health promotion and disease prevention		
Increase emphasis on health promotion, disease and injury prevention, and management of chronic diseases.	Number of Self-Management Leader Training Sessions (source – RHA self-report). There were 14 Stanford Leader Training Sessions, 153 Trainers trained and 11 Master Trainers in 2008/2009.	- The Chronic Disease Advisory "Leading the Way" project has advanced the work of integrating approaches and supports for chronic disease management province-wide. Educational sessions/workshops (face to face as well as online) to support clinicians in facilitating behavioral change and client self-management have been developed. The implemented web-based Introduction to Chronic Disease Management continues to be well received and accessed. An online pilot of the Stanford Self-Management Leader training program was developed over the last year. Stanford program development and implementation has been led provincially over the last year, with substantial growth in the provincial capacity to provide this lay-led, evidence-based self-management support program. Health professional facilitated self-management care planning workshops (Flinders) were initiated over the last year, and will be revised to better address the Alberta context over the next year. Development and implementation of the Complex Clinical Care Plan fee code was also facilitated by members of this provincial committee. Existing working groups: - KPI Working group is developing a tool which will address access, health related to Quality of Life (QOL), self-efficacy and patient assessment of chronic care. - Professional Skills Development group is evaluating existing content, developing new content areas (e.g. COPD support), and modifying current program offerings as necessary. - Group visit working group: environmental scan of models/approaches underway. Four new working groups have been formed to address emerging needs: - Academic Certification (seeking endorsement for Project's course and workshop content), - Obesity and Hypertension, - Marketing and, - ABCD Provincial Implementation (guiding implementation of strategies in the Provincial Diabetes project).
Expanded 24/7 access to care		
Expand 24/7 access to essential primary care services	Calls to Health Link Alberta (source – Health Link Alberta). Caller satisfaction survey for 2008/2009 shows that 94% of callers rated their satisfaction with the service as very good (24%) or excellent (70%). Total call volume was 864,240 in 2008/2009. Percentage of regional residents who said they have a personal family doctor (source – 2006 HQCA survey). More than 82% Albertans currently have a personal family doctor; this is not significantly different than 2004 levels (84%).	Health Link Alberta is a provincial 24 hours a day, seven days a week telephone health advice and information service answered by Registered Nurses. Health information is also available on-line at albertahealthservices.ca and healthlinkalberta.ca. Skilled Information and Referral Specialists assist callers with system navigation and details on Alberta Health Services and referral requirements. Service information is also available on-line at albertahealthservices.ca and informalberta.ca. The service goal is to give health care consumers a greater role in managing their own health so they can make informed decisions about their health situations and what healthcare resources are required. The result is a more knowledgeable public, fewer emergency department visits and healthier communities.

Factors	Measures	Year End Results / Progress
Multidisciplinary teams		
Establish interdisciplinary primary care teams of providers, so that the most appropriate care is provided by the most appropriate provider.	Number of primary care physicians participating in shared mental health care programs. Target: 10 per cent annual increase). At the close of fiscal 2008, there were 737 (28%) of family physicians participating in a formal shared care process. At the close of fiscal 2009, there were 979 family physicians participating in a formal shared care process, an additional 242 family physicians, an increase of 9%, to 37% of all family physicians.	In the consolidation of AHS over the past year, a number of opportunities to streamline work in developing and supporting primary care team members have been identified. It was learned that each PCN was developing the roles / responsibilities and educational supports for core team members differently, and work is currently underway to develop a common approach, based on best evidence. We will also be working with physician partners on embedding business processes to support and develop core teams in primary care, as new PCN business plans are developed, or existing plans come up for renewal.
Coordinate and integrate with rest of the health care system		
Facilitate coordination and integration with other health services, i.e. in institutions and in communities.	Percentage of regional residents who said that their personal family physician has been informed about treatment received at the hospital (source – 2006 HQCA survey). Percentage of regional residents who said that their personal family physician has been informed about treatment received in the emergency room (source – 2006 HQCA survey). Percentage of regional residents who said that their personal family physician has been informed about treatment received from a specialist (source – 2006 HQCA survey). Percentage of regional residents who said that their family doctor had received the results of diagnostic imaging testing (source – 2006 HQCA survey).	Primary Care Networks have endeavored to integrate services locally. On a go-forward basis, there will be a new focus on integrating services provincially. There will be enhanced opportunities to integrate local Alberta Health Services and community services to better support the work of primary care. Two-thirds of Albertans receiving overnight hospital care in the past year (64%) indicate their personal family doctor had been informed about the care and treatment they received when they next visited – one-fifth (21%) say their doctor had not been informed. An additional 8% had not yet been back to see their family doctor and 7% did not know if their doctor had been informed. Just over four-in-ten Albertans who have accessed ED services within the past year and have a personal family doctor (44%) say their family doctor was informed about the treatment they received in the emergency department, while 36% say their family doctor was not informed. The incidence of family doctors being informed about their patients' emergency department treatment is highest in regions 2-Palliser (60%) and 4-David Thompson (60%) and lowest in regions 9-Northern Lights (22%) and 3-Calgary (28%). In fact, the incidence of family doctors being informed is significantly lower in the Northern Lights and Calgary Health Regions compared to all other regions in Alberta. Six-in-ten Albertans who received specialist services say their personal family doctor had been informed by the specialist about the care and treatment they received when they next visited. Overall, 59% of Albertans who received specialist services say their family doctor was informed when they next visited, while 19% say their family doctor was not informed. Another 15% had not yet been back to see their family doctor and 7% did not know. The incidence of family doctors being informed about their patients' specialist care is highest in region 2-Palliser (68%) and lowest in region 9-Northern Lights (52%). A strong majority of Albertans say their doctor or specialist had the results of their lab tests, diagnostic imaging tests and/or MRIs when they next visited. Overall, 86% of Albertans who received lab tests and diagnostic imaging tests in the past year say their doctor had test results when they next visited – this is just marginally lower for those who received an MRI, with 84% indicating their family doctor or specialist had their MRI results.

3.3 Continuing Care

To improve quality of continuing care services, implement new standards and ensure compliance with standards.

Factors	Measures	Year End Results / Progress
Quality of Care		
Personal care and nursing care hours.	Increase average paid hours for personal and nursing care in long-term care (LTC) facilities to a minimum of 3.7 paid hours per resident per day in 2008/2009, 3.8 in 2009/2010, and 3.8 in 2010/2011.	The 3.7 and 3.8 average paid hours target are "stretch" targets for personal and nursing care in long term care facilities. All regions received funding to increase average paid hours to 3.6 paid hours per resident day and provincially this target has been achieved. Four regions David Thompson, Aspen, Peace and Northern Lights were at a higher start point when the grant funding was received and subsequently were able to increase to 3.7 paid hours. Further increase across the province will be dependent on available funding.
Aging in Place Strategy		
Continue to shift continuing care clients from facility living to supportive living and home living as appropriate. Update long-term strategies for achieving ten-year continuing care service plan and integrate them as part of health plan and provide rationale for any changes.	Number and percentage change in the Long Term Care (LTC) resident ratio: LTC facility residents 75+ per 1000 population 75+ Number and percentage change in Designated Assisted Living (DAL) ratio: DAL clients per 1000 population 75+ Number and percentage change in long-term home care client ratio: long-term home care clients per 1000 population 75+.	A four week initiative has been completed in the province identifying service areas and corresponding population projects in each of the zones. We are now able to project the residential care spaces required in each of the service areas by Supportive Living level 3, 4 and Long-term care facility to the year 2020. The next step to support this shift to a 20% Long-term care facility, 60% Supportive Living level 4 and 20% Supportive Living level 3 is to completed a detailed plan for each of the service areas and this will be completed by September 2009. Edmonton is planning to implement 240 new Supportive Living spaces between June 2009 and March 2010. Calgary is planning to implement 311 new Supportive Living Spaces in this same timeframe and Red Deer 30 Supportive Living spaces in November 2009. Numbers for the remaining 2 zones for this fiscal year are yet to be confirmed.
Continuing Care System Project		
Enhance care planning, quality of care practice and quality measurements by completing the implementation of MDS 2.0 and MDS Home Care. Submit data to AHW by health authorities and LTC facilities according to timeline set up by AHW.	Number and percentage change of LTC facilities that have completed implementation of the MDS 2.0. Progress report on the region's work to implement the MDS Home Care in its community care programs. Number and percentage change of facilities and RHAs each submitting MDS data to AHW.	RAI 2.0 data submission from Alberta Health and Wellness to CIHI was delayed and as a result data analysis reports expected by end of April have not been received. A process has been initiated in the Edmonton zone to determine the most appropriate platform to implement RAI-HC. Both Paris and Meditech platforms are being considered and once chosen an action plan to begin the implementation with front-line staff will be developed. A second data submission is planned for the fall during which time the compliance rating for submission will be determined. 85% of LTC facilities in Alberta completed a one time data submission to AH&W repository. This data was to be subsequently submitted by AH&W to CIHI for analysis. Data Analysis reports are expected back by April 2009.

Factors	Measures	Year End Results / Progress
Access to Continuing Care Services		
Regions fully implement coordinated access policies and inter-regional transfer policy to remove barriers for residents to access services in another region. Full implementation of system case management by 2008/2009. Develop strategies to reduce the number of Albertans waiting for LTC beds and high level supportive living sites that have contracts with RHAs (known as designated assisted living).	Number and percentage change in waitlist for LTC beds. Number and percentage change in wait list for designated assisted living spaces.	Planning is commencing to initiate the process of integrating the multiple previous Coordinated Access teams into a maximum of five that will function as one virtual team in the region. Initial "second round" discussions have taken place with McMaster University to begin planning the next series of Case Management education in the province. It is anticipated the next provincial blitz will begin in the fall. At the end of March 2009, there were 550 people assessed as ALC and waiting placement for LTC facility in Acute Care Beds and 675 waiting urgently in the Community. There were 150 ALC clients waiting for Supportive Living in acute beds and 400 waiting in community. All clients waiting in both acute and urgently in community will be reassessed in the next 2 to 3 months using the new admission guidelines and it is expected the numbers will reverse with the majority waiting for Supportive Living.
Implementation of Health services standards		
Continue to implement continuing care health service standards. Implement education program on new continuing care standards for all continuing care staff and contracted operators/agencies. Plan for improvement in medication management in continuing care, consistent with collaborative AHW/HQCA project. Develop plan and action strategies to improve infection control practices.	All staff is educated on new continuing care health service standards by March 31, 2008.	The AH&W Compliance team has modified their audit process to provide action plans with follow-up to assist sites to achieve compliance with the Continuing Care Health Standards. It is anticipated this change will improve LTC facility compliance ratings.
Compliance to health service standards		
Establish goals and measurements to monitor LTC facilities, supportive living operators, home care providers and contracted agencies for compliance to the continuing care health services standards. Establish and initiate processes and mechanisms for regularly reviewing all contracted continuing care service providers. Establish and monitor risk factors pertaining to continuing care critical incidents.	Action plan in place. Report on initiatives to meet regular review schedules. Number of audits/remediation reviews completed. Identify risk factors and monitor frequency.	A review of the various audit tools being used by the former 9 regions is currently being completed with the intent of developing one consistent audit tool to be used in LTC facilities in Alberta. The longer term goal is to determine if a common tool consistent with AH&W Compliance team can be utilized with the site audits coordinated to prevent duplicate audits imposed on the operators. Subsequent to this a similar exercise to review the regional policies that reflect the standards will be completed and consistent AHS policies implemented region wide. 35% of all LTC facilities were audited by the AH&W Compliance Team year 2008/09. No former region received 100% compliance. The combined provincial compliance rating was 57%. An action team has been struck to determine required strategies to improve compliance. The common areas of non-compliance are medication management, infection prevention and control, resident safety and staff education.

The following reflects Alberta Cancer Board (ACB) results for 2008/2009 based on the Minister's expectations set out in the Alberta Cancer Board multi-year performance agreement.

Measures	2008/2009 Year End Results / Progress
1.0 Accessibility: and distance.	The Alberta Cancer Board will ensure that services are obtained in the most suitable setting in a reasonable time
For 90% of patients, wait times for treatment are less than guaranteed wait times (8 weeks for radiation therapy treatment).	Wait times for consultation of patients needing radiotherapy are within four weeks for more than 95% of referrals. <i>(Note: The wait times are only looking at time to consultation. We are well within this measure for radiotherapy centres in Alberta at this time).</i> The Alberta Cancer Board has made requests to Infrastructure and Health for funding to complete the renovations at the Holy Cross and the Tom Baker Cancer Centre to improve access. The wait time between consultation and treatment has increased since 2007/2008. Although no formal data is available on this surrogate; in Calgary the proportion of patients receiving treatment within 8 weeks is now 80%. More than 90% of patients are on radiotherapy within 8 weeks of consultation in Edmonton. Median wait times for RT are 2 and 5 weeks in Edmonton and Calgary respectively.
New Cancer Centre in Calgary Expanded Cross Cancer Institute (CCI) Centre in Edmonton.	Projects at Cross Cancer Institute and completion of renovations at Holy Cross in Calgary are on hold pending AHS Facility Planning initiatives. Cancer Corridor currently has two floors of the Holy Cross site leased but unoccupied pending renovations and obtaining capital funding to perform renovations.
2.0 Acceptability:	The ACB will provide services that are respectful and responsive to user needs, preferences and expectations.
Percent of family physicians providing follow-up care to cancer patients satisfied with the support provided to them by the ACB.	A formal strategy for the roll out of the Alberta Cancerline is under development. Provincial diagnostic algorithms are now available for 5 of 6 provincial tumor groups, ongoing development of a common referral form and ongoing input from the Access Committee of the Provincial Family Physician Initiative (PFPI) are being included. Evaluation of phase 2 of the PFPI is scheduled for spring of 2009. Collaboration with the Guidelines Utilization Unit to include ongoing family physicians input in the development and review of follow-up guidelines established. Pilot being explored with Physician Office System Program and Communications Committee to explore collaborative linkage (electronic) between screening programs and family practice to support improving screening rates among family practice offices.
Number and provincial coverage of multi-disciplinary integrated networks supporting the health care providers of cancer patients in the community.	Regularly scheduled telehealth CME (continuing medical education) events are scheduled for the multidisciplinary networks including psychosocial, palliative, nutrition and a broad spectrum of rehabilitation professionals. Averaging 68 telehealth participants per session. Provincial interest group of cancer patient navigators being established through CARNA and the Cancer Patient Navigation Portfolio.
Percent rating of quality of services.	The most recent Patient Experience Survey results demonstrated a positive response rating of outpatient care was 96.9%. This rating is calculated from positive response rates for a question that asks patients to rate the quality of all of care in the past six months (target was 95%). Surveys are conducted every other year and the last survey was run in the spring of 2008.
Percent of patient concerns investigations initiated within three business days of receipt of concern.	92% of patient concerns were responded to within three business days (target was 100%).
Level of satisfaction with patient concerns investigative process and outcome.	Satisfaction with patient concerns investigative outcome was 97% and satisfaction with the process was 98% (targets were 80%).
Level of satisfaction with patient education materials.	Patient Experience Survey results demonstrated a positive response rating of patient education was 59.5% (target was 60%).

Measures	2008/2009 Year End Results / Progress
3.0 Appropriateness: The ACB will provide services that are relevant to user needs and are based on accepted or evidence based practice.	
Percent of breast cancer surgery patients receiving breast conservation surgery.	Target for Breast Conservation Surgery (BCS) was 75%. As of March 31, 2009, as per WebSMR data, there were 2,028 patients eligible for BCS. Of these, 1534 (75.6%) of patients actually received BCS.
Provincial coverage of cancer screening programs by type.	Alberta Colorectal Cancer Screening Program (ACRCSP), in partnership with the Northern Lights and Calgary regions, successfully implemented a patient reminder system for individuals who have abnormal Fecal Occult Blood Test (FOBT) results in their respective catchment areas, and is in the process of planning and implementing a similar system in former Chinook and Palliser regions. ACRCSP has completed the first phase of a social marketing campaign designed to increase target Albertans' awareness and knowledge of colorectal cancer and colorectal cancer screening and to increase primary care physicians' knowledge and adoption of colorectal cancer screening practices with their patients. Alberta Cervical Cancer Screening Program (ACCSP) continued to send out cervical cancer screening invitation letters to women living in Calgary and Palliser regions who did not have a record of Pap testing since the program began. ACCSP continued to implement a social marketing plan and the targeted interventions aimed to improve update of cervical cancer screening. The development of the ACRCSP and ACCSP application to support province wide program implementation is underway. Alberta Breast Cancer Screening Program (ABCSP) continued to work with key partners to increase the update of screening mammography and improve program services delivery to meet the needs of the program target population.
Percent of breast and cervical target groups screened through the ACB screening programs.	Annual screening rate for eligible women in Calgary and Palliser regions where ACCSP has been implemented was 43.3% in calendar year 2008 (provincial rate was 39.5% in the same year). Approximately 66% of eligible women in these two regions have had at least one Pap test in the last three years. The proportion of women aged 50-69 years who had a screening mammogram in two years (calendar year 2007/2008) was 55.5%.
4.0 Safety: The ACB will take measures to mitigate risks to avoid unintended or harmful results.	
Infection Rates.	Bacteremia surveillance program was implemented at Cross Cancer Institute beginning with data collection of bacteremias. A pilot is being planned to begin in the near future which will focus upon central line infection rates.
Infection Prevention Control.	An audit of compliance with Accreditation Canada's Required Organizational Practices is being conducted. Information gathered from this review will inform the Alberta Health Services Accreditation Planning and Engagement Team in its work to address compliance throughout the new organization.
Safe Practices Implemented.	Education sessions were scheduled for management teams in each tertiary centre to support a broad understanding of required organizational practices. Developing a work plan to assign lead responsibility for each required practice. Regular reporting to the ACB Provincial Quality Assurance Committee will continue.

Measures	2008/2009 Year End Results / Progress
5.0 Effectiveness and Efficiency: The ACB will leverage the funding available through the Cancer Prevention Legacy Act and the Alberta Cancer Foundation to lead in the implementation of strategies and provision of health services based on scientific knowledge to achieve desired outcomes.	
Population surveillance and reporting.	CAREX project is underway and has begun collecting essential foundational data about priority occupational carcinogen exposure throughout Alberta. Data collection is underway for the knowledge, attitudes and behaviors survey which will provide semi-annual reports to help assess overall progress towards 2025 goals. Alberta Tobacco Survey pilot indicated a need to revise the survey instrument to increase participation among smokers. A second pilot will be conducted. Reports that are near completion or in production phase include Skin Cancer Situational Analysis, Cost of Obesity in Alberta, and Nutrition and Physical Activity Snapshot. Tomorrow Project enrolment is now at 32,000 Albertans. Information on participants' lifestyles, occupations, residential histories, neighborhood characteristics, and demographic variables will be used to increase scientific knowledge about how behavior and lifestyle are likely to impact the risk of developing cancer and other chronic diseases. Funding has been leveraged to attract complementary funding from the Canadian Partnership Against Cancer, in order for Alberta to take a lead role in the development of a national cancer/chronic disease cohort study of 300,000 Canadians (Canadian Partnership for Tomorrow Project).
Coordination and implementation of evidence-driven population-based cancer/chronic disease prevention strategies and projects.	Evaluation of the second pulse of Stand Up for Your Life social marketing campaign is completed and a report anticipated by end of May. Social marketing training session is planned for June 2009 that will be open to anyone in AHS. New consolidated structure for provincial tobacco control was developed in collaboration with AADAC. Merger of work plans continuing. QuitCore cessation program successfully launched in 9 sites. Capacity for health professionals to deliver cessation services enhanced through TEACH training sessions. Background evidence collection and consultations have been completed in preparation to launch a provincial walking network to boost physical activity. Enrolment in BENEFIT pilot project completed. Approximately 150 participants have collectively lost over 1,400 lbs. to date. Partnership created with Alberta Employment and Immigration to develop an occupational cancer strategy and will culminate in a Ministerial Forum in fall 2009. Aboriginal Cancer Needs Assessment and Economic Assessment of Workplace Health underway. (Note: Detailed progress report available through Cancer Prevention Legacy Fund.)
The Alberta Cancer Research Institute (ACRI) established.	ACRI was approved by the AHS Board in September 2008. An ACRI implementation committee was established and held its first meeting on November 24, 2008. Items discussed in a preliminary fashion were: • The selection process for the Director of ACRI • Review of the Governance Structure for ACRI • Establishment of Criteria for membership of ACRI • Space Requirements for ACRI • An interim ACRI Scientific Director-designate has been named • AHS has approved the purchase of space for ACRI in the newly constructed Health Research Innovation Facility on the University of Alberta campus. The cost will be approximately 6 million dollars one-time payment for indefinite occupancy of 6 lab units of approximately 1000 square feet each. The funding is available from the Alberta Cancer Prevention Legacy Fund and the Alberta Cancer Foundation within envelopes approved for research infrastructure by the International Advisory Committee on Research. Gairdner-ACRI International Cancer Symposium held in Edmonton on May 20 and 21 2009 required extensive planning by members of ACRI. The Symposium is entitled "Recent Advances in the Biology and Treatment of Cancer" and the scientific and organizing committees are chaired by Dr. Cyril Kay.
Grant and award funding for cancer research programs.	New money from Weekend to End Breast Cancer walks, the Underwear Affair and many other fundraising initiatives in Calgary, Edmonton and the rest of the province, in addition to funding from the Cancer Prevention Legacy Fund, have allowed the grant programs to increase funding for all cancer programs. The ACRI Recruitment & Retention personnel committee met on December 1st and awarded salary and equipment stipends to two new investigators. A new Weekend to End Breast Cancer has been selected. The Chair will be based in Edmonton and will be developing a provincial breast cancer research program. The appointment will begin on July 1, 2009. The various grant awards peer review committees met in January 2009 to adjudicate the Fall grant applications. Their decisions were approved by IACOR at their meeting in March and approval for disbursement of the funds was granted by the President and CEO of AHS, Dr. Stephen Duckett. The ACRI Retention and Recruitment Committee met on April 9, 2009 and approved two new potential recruitments as well as bridge funding for 3 current ACRI investigators.

Measures	2008/2009 Year End Results / Progress
Participation in Phase I Clinical Trials.	The external report for the provincial trials unit, ACCRU (Alberta Cancer Clinical Research Unit), has come down from the site visit which occurred April 21 and 22, 2008. An interim director for ACCRU has been named. A provincial coordinator of Phase 1 clinical trials has been named.
Effective governance.	The ACB Self-Assessment was submitted to Alberta Health Services Board on June 30, 2008.
Reliable systems in place for effective management of resources.	Work will focus on compliance with CCHSA requirements as well as implementation of the AICE program to enable further progress in reporting indicators. All TBCC clinical trial regimens have been implemented in the Electronic Medical Record.
Compliance with financial reporting requirements.	All reporting requirement for the year have been complied with. AHS is moving toward a new system and process for costing and financial management and the Cancer Corridor is involved in this initiative.
Cost of drugs.	The Alberta Cancer Board has a tender process for our Drug Benefit Program. Its components are reviewed annually and creative programs put in place. The therapeutic tendering of the Luteinizing Hormone-Releasing Hormone (LHRH) agents continues successfully and ACB has added the Aromatase inhibitors to this group. This therapeutic tendering 'creates' competition within a therapeutic class where individual drugs themselves remain on patent. The 2007/2008 Tender came into effect April 1, 2008 and runs until March 31, 2009. The ACB has had early discussions with the new Alberta Health Services to ascertain if the cancer drug tender will run through our offices again for 2009 and are awaiting a final decision. The ACB is also participating with the Joint Oncology Drug Review (JODR) project nationally. This JODR process has created some recommendations that required price negotiations on new products. In this area, ACB has jointly negotiated with two other provinces on a new agent to ensure the clinical recommendation could be fiscally negotiated to improve patient access to a new agent in renal cell carcinoma while still being fiscally responsible.
Delivery and operation of provincial EHR.	95% of ISO 17799 planned controls completed adopted. ACB staff which have taken privacy and security training ranges between 35% and 50%. All ACB staff have completed ISO 20000 foundation training. Clinical Trials regimens at CCI are being converted to electronic ordering. Regimens for the Lung Tumor Group have been "provincialized" and Breast Tumor Group regimens are being reviewed. Electronic chemo ordering is being rolled out to community cancer centres. ACB electronic medical record integration with provincial EHR is behind schedule due to be rolled out in October.
An adequate and appropriate supply of health care workers effectively utilized.	Settled and implemented collective agreements with AUPE and HSAA.
Healthy Workplace.	The Healthy Workplace Employee Survey was conducted at Alberta Cancer Board (ACB) in April, 2008. A series of Town Hall Presentations in Edmonton and Calgary were conducted on results. A Healthy Workplace Provincial Action Planning Committee was established to develop affordable and achievable action recommendations to assist in the development and maintenance of a "healthy workplace". Committee participants were chosen from employees whom had volunteered to be on the committee. Development of a Provincial approach to Occupational Health and Safety (OHS) by integration of OHS programs and services from tertiary sites. Development and pilot of a "No Unsafe Patient Handling" program on the inpatient unit at CCI. Development of Job Demand Analysis (JDA's) in ambulatory care areas, inpatient care areas, as well as support areas such as housekeeping.
Active collaborations with RHAs, providers and others with benefits to health system delivered.	The Comprehensive Breast Care Program (CBCP) (note name change from "cancer" to "care") is collaborating with Calgary, Edmonton, David Thompson and Chinook regions in the development of provincial standards and processes for a provincial strategy for breast care. Areas of collaboration that have been achieved include common evaluation tools, common education materials, common or similar referral practices, and a developing Information Technology platform. The platform is used by the CBCP and can be shared with other jurisdictions once provincial IMIT platform decisions are finalized. Sustainability grant pending which will support program operations for the Edmonton and Red Deer programs as well as the ongoing provincial integration process. A provincial support team has been established at minimal cost to support further integration and development. Grande Prairie, Fort McMurray and Medicine Hat will be invited to join the existing provincial managers to ensure provincial input.

Alberta Mental Health Board

The following reflects the Alberta Mental Health Board results for 2008/2009 based on the Minister's expectations set out in the Alberta Mental Health Board multi-year performance agreement.

Measures	2008/2009 Year End Results / Progress
GOAL 1: ADVANCEMENT OF ALBERTA'S MENTAL HEALTH SYSTEM.	
1.1 Provincial Mental Health Plan (PMHP).	
Annual status report on regional health authorities' implementation of the PMHP.	Work continues to address PMHP implementation priorities in the health regions and address key areas in which the AMHB has been mandated to take a lead role in providing provincial collaboration, coordination and support.
1.2 Out-of-Province Mental Health Representation	
Annual report on representation in key national/international initiatives.	Continuation of ongoing work to fulfill obligations as stated in the PMHP implementation priority to "represent the province on national and international forums and committees related to mental health" included: presenting or participating in Think Tanks, meetings, and e-Consultations that "expand public education and awareness with the public and within health regions to address the stigma associated with mental health".
1.3 Mental Health Policy Agenda	
Annual ministerial briefing on policy priorities and initiatives.	Contributions include: participation in provincial health human resources initiatives to ensure that Alberta's health workforce will be able to fulfill the mental health needs of the population as per the PMHP implementation priority to "develop a comprehensive mental health workforce plan"; and participation in AHS Corporate Policy development; and planning for Community Treatment Orders (CTO) implementation pending Proclamation of the CTO amendment.
Timely response to ministerial policy queries.	Integration planning for addiction and mental health continues as: the transition committee and working groups (Change Management; Service Delivery; Prevention, Health Promotion, and Public Health; Integrated Information Systems; Research, Evaluation and Knowledge Translation/Exchange; etc) met to facilitate the transition process; an inventory of outstanding items was created in preparation for transition to ensure no disruption in services or resources; a detailed analysis of AMHB contract management (for contracts ending on March 31, 2009) ensured all contracts requiring amendments/extensions were executed prior to March 31, 2009; input was provided into the mental health component of the AHS Health Plan Initiatives for 2009 to 2012, including operational plans or actions, timelines or targets, and measures, all of which "increase the capacity to deliver mental health services and address critical gaps", and establish appropriate means to "identify critical information requirements and performance measures" in the context of an integrated addiction and mental health system; and AMHB collaborated with AADAC to create a profile for the incoming President & CEO of AHS describing the newly established addiction and mental health functional area and integration progress.
1.4 Mental Health Advocacy	
Advice regarding the demand for advocate services reported annually.	AMHB and former health regions continued to participate in the Grassroots Mental Health Advocacy Council to provide the Community Health Council and Regional Mental Health Advisory Committees the opportunity to share best practices in mental health advocacy, discuss common issues in advocacy across the province and improve their knowledge in specific areas of interest. The AMHB also provides a secretariat function to this cross-regional, provincial committee.
Annual report of the Mental Health Patient Advocate.	The integration exercise undertaken by AMHB culminated in the decision to transition the Mental Health Patient Advocate Office to Alberta Health and Wellness effective January 1, 2009; reporting will occur through AHW.
1.5 Funding Model	
Data and analysis meet AHW requirements.	Provided AHW with all requested data elements obtained from former health regions in Q3 thereby facilitating the PMHP mandate to "identify provincial mental health data sets and information required to support outcomes measurement and best practice research and evaluation; access the required data through Alberta Health and Wellness and regional health authority data management functions; and analyze this data to identify trends and issues and inform provincial policy and strategic directions". No further action was requested by AHW in Q4.
Satisfaction with model's effectiveness.	AHW has not requested dissemination of two surveys to assess stakeholder satisfaction; no action planned until direction received.

Measures	2008/2009 Year End Results / Progress
GOAL 2: APPROPRIATE SERVICE DELIVERY CAPACITY AND IMPACT.	
2.1 Wellness and Healthy Living.	
Implementation and coordination of select initiatives.	All the below <i>"increase the capacity to deliver mental health services and address critical gaps"</i> as per PMHP implementation priorities: The distribution of the winter Grip magazine; development of the 3rd Bounce Back Book targeting teachers, parents and caregivers of children age 5 to 9; the well utilized Child and Adolescent Behavior Toolbox (CABT) designed for mental health practitioners and professionals who work with children and youth with developmental and behavioral problems; the 2nd Connecting for Kids Conference in Calgary attended by frontline staff involved of the original Children's Mental Health Capacity Building Projects to share what they have learned; Mental Health First Aid (MHFA) Canada including the Youth, and e-Learning courses; FRIENDS for Life pilot projects underway in schools; the Aboriginal Speaker Series Forum; the completed spring newsletter for "Honoring Life: Aboriginal Youth and Communities Empowerment Strategy (AYCES)", previously known as the Aboriginal Youth Suicide Prevention Strategy (AYSPS); the Aboriginal Youth Community Empowerment Strategy Storybook in development demonstrating that AYCES is having a positive influence on communities and individuals; and various presentations, continue to address the PMHP's implementation priorities to <i>"expand public education and awareness with the public and within health regions to address the stigma associated with mental health"</i>. Progress continued to be made with Aboriginal mental health including: the revised name "Honoring Life: Aboriginal Youth and Communities Empowerment Strategy (AYCES)" vision, mission, and goals reflecting the shifting away from suicide prevention and moving towards enhancing well-being at a holistic level; the Aboriginal Youth Community Empowerment Strategy Storybook; the spring 2009 AYCES newsletter; the Wellbriety proposal in development; the Aboriginal Speaker Series Forum; ongoing joint action planning for Aboriginal Mental Health Framework implementation and use of the Aboriginal Research Protocols; knowledge exchange with stakeholders through presentations and discussions all fulfilling the PMHP implementation priority to <i>"take action on key inter ministerial priorities to make a coordinated and concerted effort to address issues related to Aboriginal health in general and Aboriginal mental health issues in particular"</i> and also address the AHS-AMHB's responsibility to <i>"take a lead role in providing provincial collaboration, coordination and support [for] Aboriginal mental health."</i> Children's initiatives (development of the Bounce Back book for children in the primary grades, CABT, the 2nd Connecting for Kids Conference, AYCES, MHFA Canada for Youth, FRIENDS for Life, Grip) respond to the PMHP implementation priority to <i>"take action on key inter ministerial priorities [to] follow through on initiatives related to children's mental health"</i>.
2.2 Children's Mental Health.	
AMHB advancement of Positive Future initiatives where AHS-AMHB is lead or co-lead.	AMHB Information Management and Advocacy and Liaison continue to advance the Children's Mental Health Action Plan Working Group, in collaboration with other stakeholders, leading the development of a detailed action, evaluation, and implementation plan for the implementation of the Children's Mental Health Plan for Alberta 2008-11, thereby addressing PMHP the implementation priority to <i>"take action on key inter ministerial priorities [to] follow through on initiatives related to children's mental health"</i>. AMHB Information Management continues to lead collection, analysis and reporting of Children's Mental Health Wait time facilitating <i>"strategic data assessment"</i> and <i>"measure progress"</i> as mandated by the PMHP. Evaluation is underway in Aboriginal literacy camps in 5 sites that continue to improve the literacy skills of Aboriginal children, youth and families and address the PMHP implementation priority to <i>"take action on key inter ministerial priorities [to] make coordinated and concerted efforts to address issues related to Aboriginal mental health"</i>.
Expansion of Children's Mental Health Community Capacity Building Projects.	Implementation of 32 Mental Health Capacity Building sites continues as effective partnerships and integrated services provide access to timely and appropriate care where it is needed and fulfills the PMHP implementation priority to <i>"take key action on inter ministerial priorities [to] follow through on initiatives related to children's mental health."</i> Two of the original 5 pilot sites funded through the Mental Health Innovation Fund received sustained funding through the AHS global budget; 2 other sites will continue to be funding for 3 years out of the MHCB expansion grant; the 27 MHCB expansion sites continue to be implemented and evaluation is underway. AMHB is participating in a provincial research project with a research consortium from three Alberta universities and sponsored by Alberta Education through the Edmonton Public School Board to examine how wraparound services are currently defined; select MHCB projects funded by AMHB will likely be chosen as research sites.

Measures	2008/2009 Year End Results / Progress
2.3 Provincial Suicide Prevention Strategy.	
Annual implementation status update.	The AHS "Around Alberta" newsletter story regarding the provincial award received by A CALL TO ACTION for "Excellence in Injury Prevention Strategies"; the completed draft of the 2008 update of the "Summary of Available Data and Evidence on Potential Groups at Risk of Suicide in Alberta" addressing the PMHP mandate to "identify provincial mental health data sets and information required to support outcomes measurement and best practice research and evaluation..."; the development of the draft document "Action on Alberta's Suicide Prevention Strategy: Highlights From Across the Province 2008" to align suicide prevention efforts derived from A CALL TO ACTION with the anticipated orientation of AHS; and presentations, educational and promotional material for A CALL TO ACTION and the Men At Risk expansion program serve to "expand public education and awareness with the public and within health regions to address the stigma associated with mental health" as required by PMHP implementation priorities. The mentorship contract for the Men At Risk expansion was abbreviated due to discretionary fund reallocation to other AHS priority areas.
AMHB report on the rates of suicide and suicidal behavior.	Suicidal behavior-related analysis was completed for 2007/08 and 2008/09 and distributed to stakeholders thereby addressing the PMHP implementation priority to "expand public education and awareness with the public and within health regions to address the stigma associated with mental health".
Annual update on the three Children's Mental Health Suicide Prevention initiatives.	The continuing development of Community Helpers (9 pilot sites selected), Intentional Overdoses (literature reviews in policy/practice and epidemiology completed to inform development of research themes and questions), and Active Postvention (delayed due to transition to AHS) addresses the responsibility to "take action on key inter ministerial priorities [to] follow through on initiatives related to children's mental health" while taking "immediate action to establish a province wide suicide prevention strategy", as mandated in the PMHP implementation priorities.
2.4 Forensic Services.	
Report on initiatives.	Progress continues to be made implementing the recommendations of the Alberta Forensic Psychiatry Program Review including: a request for proposals for a Not Criminally Responsible Group Home and temporary use of 12 beds until the group home opens; and preliminary work for database development for a standardized minimum dataset. The Crime Reduction and Safe Communities Task Force report Keeping Communities Safe, is being addressed coincidentally with the PMHP implementation priorities to "increase the capacity to deliver mental health services and address critical gaps" with the work being accomplished by the provincial forensic service programs, to "take steps to further clarify roles, responsibilities, and working relationships among regional health authorities" through collaborative endeavors (regionally, provincially and nationally), to "take action on inter ministerial priorities [to] take a proactive and coordinated approach to address a broad range of housing needs from affordable housing in the community to safe and supportive housing for people with mental illness" through coordination with municipal and provincial housing initiatives, to "expand public education and awareness with the public and within health regions to address the stigma associated with mental health", and to "identify critical information requirements and performance measures".
Measures of community safety and security within supported initiatives.	AMHB's role as mandated by the PMHP in the "coordination and facilitation of forensic psychiatric services" was facilitated by the Provincial Family Violence Treatment Program (PFVP) and the Provincial Diversion Program (PDP) through: program expansion with funding from Safe Communities that will "increase the capacity to deliver mental health services and address critical gaps" as per PMHP implementation priorities; Privacy Impact Assessments, and planning for further development of evaluation criteria and outcome measures (PFVP) to address the PMHP implementation priorities to "identify critical information requirements and performance measures"; risk considerations including appropriate training (PFVP) that addresses the PMHP implementation priority to "expand public education and awareness with the public and within health regions to address the stigma associated with mental health"; development of an evaluation database (PDP) that fulfills AMHB's obligation as stated in the PMHP to employ "strategic data assessment...to identify provincial mental health data sets and information required to support outcomes measurement and best practice research and evaluation"; and consultations, and presentations that help to "clarify the roles, responsibilities and working relationships..." as required by the PMHP implementation priorities.
2.5 Telemental Health.	
Telemental Health utilization rates.	Implementation of Provincial Telemental Health Plan continues to "increase the capacity to deliver mental health services and address gaps", "expand public education and awareness with the public and within health regions to address the stigma associated with mental health", and "take action on key inter ministerial priorities [to]: follow through on initiatives related to children's mental health; make coordinated and concerted efforts to address issues related to...Aboriginal mental health issues..."

Measures	2008/2009 Year End Results / Progress
2.6 Provincial Programs and Initiatives.	
Quality ratings of provincial programs.	Evaluation is built into all major aspects of Implementing A CALL TO ACTION which is just underway; evaluation of the conceptual framework is pending. The development of a standardized process to guide and advise the evaluation of provincial programs and initiatives is an important step in systematically determining the effectiveness of these initiatives, their impact, and how to improve them, and will enhance AMHB's ability to "take a lead role in provincial collaboration, coordination and support" and "measure progress" as outlined in the PMHP. The application of the framework to the Suicide Prevention Strategy will be a key test to determining the usefulness of the tool.
2.7 Mental Health Innovation Fund Management.	
Progress Report.	As per the PMHP, the Innovation Fund projects are continuing to make progress towards addressing needs and gaps in the mental health system, and improving access to mental health services that provide or enhance a wide variety of programs for children, seniors, and community services.
GOAL 3: AN EVIDENCE- AND PERFORMANCE-BASED MENTAL HEALTH SYSTEM.	
3.1 Provincial Mental Health Profile.	
Annual Mental Health Profile report.	AMHB continues to fulfill its PMHP mandated requirement to "take a lead role in provincial collaboration, coordination and support...facilitating periodic updates to ...government policies affecting mental health...." through dissemination and interpretation of the mental health and addiction profile, and in accordance with the PMHP implementation priority to "identify critical information requirements and performance measures".
3.2 Mental Health Research.	
Implementation progress.	The achievements of the Research Program addressing the PMHP implementation priority to "increase the capacity to deliver mental health services and address critical gaps" and fulfill the PMHP mandate directing AMHB to "coordinate the development of a provincial mental health research plan that brings to the table Alberta Health and Wellness, regional health authorities, academic institutions, potential research funders, consumer representatives and providers" include: completion of the first term of the inaugural Alberta Centennial Mental Health Research Chair; a \$1.8M "Ideas Funds and Seed/Bridge" funding call for operating grants derived from the 5-year \$3M grant award from the Ministry of Seniors and Community Supports to address applied research priorities in related areas; and collaborations with the Alberta Heritage Foundation for Medical Research (to fund studentships), the Institute of Health Economics (includes planning for the Fetal Alcohol Spectrum Disorder Consensus Conference), SEARCH Canada (to increase research capacity in rural and academic settings), the construction industry (for workplace wellness), and stakeholders involved in planning for the 5 th annual Mental Health and Addiction Research Showcase.
3.3 Performance Evaluation.	
Provincial mental health system performance evaluation.	Development of the 2nd iteration of the "Performance Monitoring Framework for Alberta's Mental Health System" contributes to the PMHP implementation priority to "identify critical information requirements and performance measures". The framework is in alignment with AHS performance management dimensions, and will effectively guide provincial level evaluation activities and information collection processes.
3.4 Public Confidence.	
Public confidence ratings of the mental health system.	Ongoing implementation of the HQCA survey results continues to contribute to improved coordination and facilitation of mental health services for Albertans as specified by the PMHP.
GOAL 4: ORGANIZATION EXCELLENCE.	
4.1 Governance.	
Board self-assessment report Number and type of governance improvement strategies.	AMHB continues to report according to the Minister's expectations, accountability agreements and processes (e.g., transition and integration, development of the addiction and mental health business plan and subsequent operational plan to address the addiction and mental health expectations outlined in the AHS 2009 to 2012 Health Plan Initiatives document) and as directed by AHS executive.
4.2 AMHB Relationships.	
Stakeholder satisfaction with AMHB in its role to provide mental health system leadership and facilitate the advancement of mental health in Alberta.	The monitoring of relationships will be as directed by AHS.

Province Wide Services

Capital Health (Edmonton) and the Calgary Health Region provide specialized services for all Albertans. Examples include organ and bone marrow transplants, selective trauma services, cardiac surgery, neurosurgery, neonatology, renal dialysis, genetics, selective cancer treatments, high-cost drugs and medical devices. Collectively, these services are termed "Province Wide Services" and are divided into four main categories: Inpatient Services, Clinic and Home Services, High-Cost Drugs and High-Cost Devices.

Province Wide Services are generally complex, costly and highly technical. Due to the requirement of highly specialized providers and sophisticated equipment and facilities, they cannot be provided throughout the entire province.

Alberta Health and Wellness sets volume targets for Inpatient Services and High-Cost Devices based on actual activity and future projections provided by Edmonton and Calgary. Volume targets are not set for most Clinic and Home Services and High-Cost Drugs but rather the Regions received specific funding for these services. In 2008/2009, the Calgary Health Region received \$289.0 million and Capital Health Region received \$337.7 million for Province Wide Services.

2008/2009 Province Wide Services (PWS)	Calgary	Edmonton
Inpatient PWS Services – number of cases	4,496	5,502
Neonatology	405	364
Transplants	293	209
Neurosurgery	784	860
Cardiac Surgeries	473	638
Other Vascular Procedures	539	570
Angioplasties	1,585	2,466
Trauma and Burns	149	209
Oncology	203	157
Cochlear Implants	65	29
Home and Clinic Services		
Hemodialysis Runs	117,672	119,306
Peritoneal Days	62,554	54,209
Dialysis Prevention Visits	50,363	16,141
Pre and Post Transplant Visits	16,550	23,681
HOPE – Organs Recovered	77	112
Living Donor Transplants	16	34
Islet Transplant Procedures	Not applicable (1)	15
Islet Transplant Visits	Not applicable (1)	769
Medical Genetics Patients	2,738	3,621
Molecular and Cytogenetic Tests	7,885	8,209
HIV Program Patient Contacts	13,312	16,858
Home Enteral Nutrition Program Therapy Days	218,789	338,629
Children with Complex Health Needs - Care Hours	23,631	63,131
Pediatric Transport Trips	118	182
Neonatal Transport Trips	366	527
PADIS – Patients and Consults	48,447	Not applicable (1)
1-800 AIDS Hotline – No. of Calls	Not applicable (1)	16,921
Education Centre - # of New Registered Users	680	Not applicable (1)
STD/TB Clinic Visits	29,167	33,110
COMPRU procedures	Not applicable (1)	63
Visudyne Therapy Treatments	104	648
High Cost Drugs and Devices		
Implantable Cardiac Defibrillators	275	255
High Cost Drugs (% increase from last year)	3.9%	8.8%

NOTE: The above numbers are preliminary pending final numbers. Not all province wide services are comparable due to the differences in geographic coverage and care model.

(1) Not applicable = Services provided only in one region.

Surgical Contracts

Non-Hospital Surgical Facility Contracts under the *Health Care Protection Act* (Alberta)

Alberta Health Services contracts with multiple non-hospital surgical facilities (NHSF) to provide insured surgical services for dermatology, ophthalmology, oral maxillofacial, otolaryngology, plastic surgery, orthopedic and pregnancy terminations. The use of NHSFs enables the Region to obtain quality services to enhance surgical access and alleviate capacity pressures within the Region's main operating rooms.

Alberta Health Services determines if the contract is appropriate by assessing sustainability of the public system, access to services, patient safety, appropriateness, effectiveness, cost and public benefit. Contracts with NHSF's provide increased choice of service provider for patients and supplement the resources available in hospitals, while providing good value for public dollars.

The following table summarizes the total value of the contracts by service area for 2008/2009.

Capital Health (Edmonton) Surgical Contracts	Number of Operators	Total Annual Contract Value (thousands of dollars) (unaudited)	Number of Procedures Performed	Total Annual Expenditures (thousands of dollars) (unaudited)
Dermatology	1	\$307	177	\$155
Ophthalmology	5	1,148	2,115	1,028
Oral & Maxillofacial Surgery	9	922	1,781	790
Otolaryngology (ENT)	1	187	96	55
Plastic Surgery	2	326	1,078	325
Pregnancy Termination	1	2,897	5,808	2,547
Total	19	\$5,787	11,055	\$4,900

NOTE: The above numbers are preliminary pending final numbers.

Calgary Health Region Surgical Contracts	Number of Operators	Total Annual Contract Value (thousands of dollars) (unaudited)	Number of Procedures Performed	Total Annual Expenditures (thousands of dollars) (unaudited)
Ophthalmology	6	\$10,329	11,759	\$6,666
Oral & Maxillofacial Surgery	9	212	555	209
Orthopedic	1	13,000	926	7,585
Pregnancy Termination	1	1,790	4,252	1,894
Total	17	\$25,331	17,492	\$16,354

NOTE: The above numbers are preliminary pending final numbers. The actual expenditure amounts have not exceeded the approved annual value of the contract amounts. The difference relates to the timing of contract dates.

Financial Overview

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Financial Statement Analysis For the year ended March 31, 2009

(in millions of dollars)

Introduction

This financial statement analysis section explains to stakeholders and other report users the financial results for the year ended March 31, 2009 and how the financial resources entrusted are being managed to provide health services to the province's residents and visitors.

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities will be disestablished and all the assets, liabilities, rights and obligations of these entities will be assumed by East Central Health, whose name will change to Alberta Health Services.

The following financial statement analysis is the responsibility of management and should be read in conjunction with the respective audited (consolidated) financial statements, notes and schedules of the nine regional health authorities and two provincial health boards. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness.

The financial statement analyses and financial statements follow in alphabetical order. Explanations for budget to actual variances and year over year changes are included in the analyses using a threshold of \$10 and 10% for Calgary Health Region and Capital Health, and \$5 and 10% for the rest. Alberta Alcohol and Drug Abuse Commission is excluded from the Alberta Health Services 2008/2009 annual report as it is included in the Ministry of Health and Wellness annual report.

Summary of Key Financial Numbers

Summarized Statement of Operations	Revenue	Expenses	Other*	Revenue less Expenses
Alberta Cancer Board	\$431	\$445	\$-	\$(14)
Alberta Mental Health Board	74	76	-	(2)
Aspen Regional Health Authority	294	312	-	(18)
Calgary Health Region	3,347	3,339	-	8
Capital Health	3,361	3,450	-	(89)
Chinook Regional Health Authority	375	394	-	(19)
David Thompson Health Region	683	714	-	(31)
East Central Health	360	369	3	(6)
Northern Lights Health Region	181	162	-	19
Palliser Health Region	221	221	-	-
Peace Country Health	310	318	-	(8)
	9,637	9,800	3	(160)
Alberta Alcohol and Drug Abuse Commission	110	102	-	8
Total Alberta Health Services	\$9,747	\$9,902	\$3	\$152

*Other is the transfer of net assets from HBA Services to East Central Health.

<u>Summarized Statement of Financial Position</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Accumulated Surplus (Deficit)*</u>
Alberta Cancer Board	\$300	\$237	\$4
Alberta Mental Health Board	120	112	11
Aspen Regional Health Authority	255	246	(7)
Calgary Health Region	3,519	3,463	(219)
Capital Health	2,944	2,836	(103)
Chinook Regional Health Authority	315	320	(23)
David Thompson Health Region	590	582	(26)
East Central Health	392	392	(11)
Northern Lights Health Region	207	157	30
Palliser Health Region	131	117	6
Peace Country Health	256	264	(21)
	9,029	8,726	(359)
Alberta Alcohol and Drug Abuse Commission	27	11	16
Total Alberta Health Services	<u>\$9,056</u>	<u>\$8,737</u>	<u>\$(343)</u>

* Excludes cumulative unrealized gains / losses on investments not included in revenue and expenses.

Outlook into 2009/2010

The 2009/2010 Provincial Budget provides for an approximate 7% increase in total spend for Alberta Health Services. However, taking into account the new responsibilities for Emergency Medical Services, on a like with like basis, this is an increase of 6% over the allocation of the previous year. This increase is substantially greater than those provided to other areas of government. This allocation is, however, significantly below the health authority spending trend of previous years (about a 10-13% increase per year) and makes no provision for opening new services or services open part way through the prior year.

In summary, the budget challenge for Alberta Health Services in 2009/2010 is to reduce forecast expenditure. Without management action, the budget challenge in future years increases to 24% by 2011-12. Although the Alberta Health Services 2009/2010 budget outlines initiatives planned for commencement in 2009/2010, Alberta Health Services' longer term budget strategy involves fundamental change, including identifying scope for driving further efficiencies.

Accounting and Financial Reporting Developments

Alberta Health Services follows Canadian generally accepted accounting principles as determined by the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA"). The Accounting Standards Board and the Public Sector Accounting Standards Board, also of the CICA, both issued invitations to comment on proposals affecting the accounting standards to be followed by not-for-profit organizations, including Alberta Health Services. These proposals will likely not be finalized in time to affect the 2009/2010 reporting year for Alberta Health Services.

Previously issued new standards that may affect Alberta Health Services in 2009/2010 include:

- Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation replace Section 3861 Financial Instruments Disclosure and Presentation. These standards will expand the disclosure requirements placing an increased emphasis on disclosures about the risks associated with recognized and unrecognized financial instruments and how those risks are managed. Not-for-profit organizations may choose to apply either section 3861 or sections 3862 and 3863.
- Section 4470 Disclosure of Allocated Expenses is effective beginning April 1, 2009. This standard requires Alberta Health Services to disclose policies adopted for the allocation of fundraising and general support expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated.

Alberta Health Services will review and assess the impact of the above noted changes as well as several minor amendments to previously issued standards. The harmonization between Canadian generally accepted accounting principles and International Financial Reporting Standards will be monitored but there has been no information released on requirements relating to not-for-profit organizations at this time.

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$448	\$431	\$(17)	\$402	\$29
Expenses	463	445	(18)	398	47
Excess (deficiency) of revenue over expenses	\$(15)	\$(14)	\$1	\$4	\$(18)

The Board had a deficit for the year of \$14 compared to a budgeted deficit of \$15. The variance was caused by the following significant items:

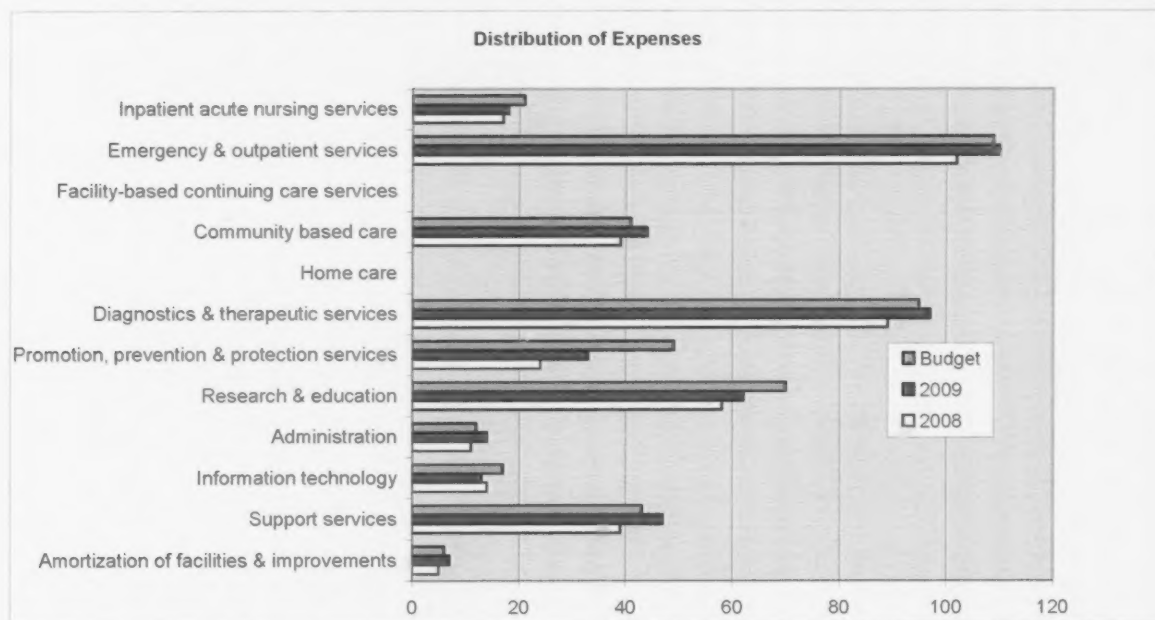
Overtime	\$(2)
Unbudgeted growth	1
Other contracted services	18
Other inflationary pressures & unrealized operational efficiency opportunities	(18)
Support staff job re-evaluations	(1)
Chemotherapy drug expenditures	3
Variance of actual to budget	\$1

Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$347	\$331	\$(16)	\$305	\$26
Other government contributions	3	8	5	2	6
Fees and charges	6	7	1	6	1
Ancillary operations	8	8	-	7	1
Donations	8	11	3	6	5
Research and education	32	29	(3)	32	(3)
Investment and other income	29	24	(5)	29	(5)
Amortization of external capital contributions	15	13	(2)	15	(2)
Total revenue	\$448	\$431	\$(17)	\$402	\$29

Total revenue increased in 2009 due to increased Alberta Health & Wellness ("AH&W") contributions relating to global operating grant increases; transitional grant funding and increased donation revenue realized from the Alberta Cancer Foundation. Investment and other income was lower due mainly to a write-down of impaired investments.

Expenses – By Program



Total expenses in 2009 increased by 11.9% from 2008, and were lower than budgeted amounts by 3.8%. This increase from the prior year was primarily due to inflation, increased usage of overtime, and increased leased space cost. Full-time equivalents increased by 160 in 2009 and the average rate increased by 5.6%.

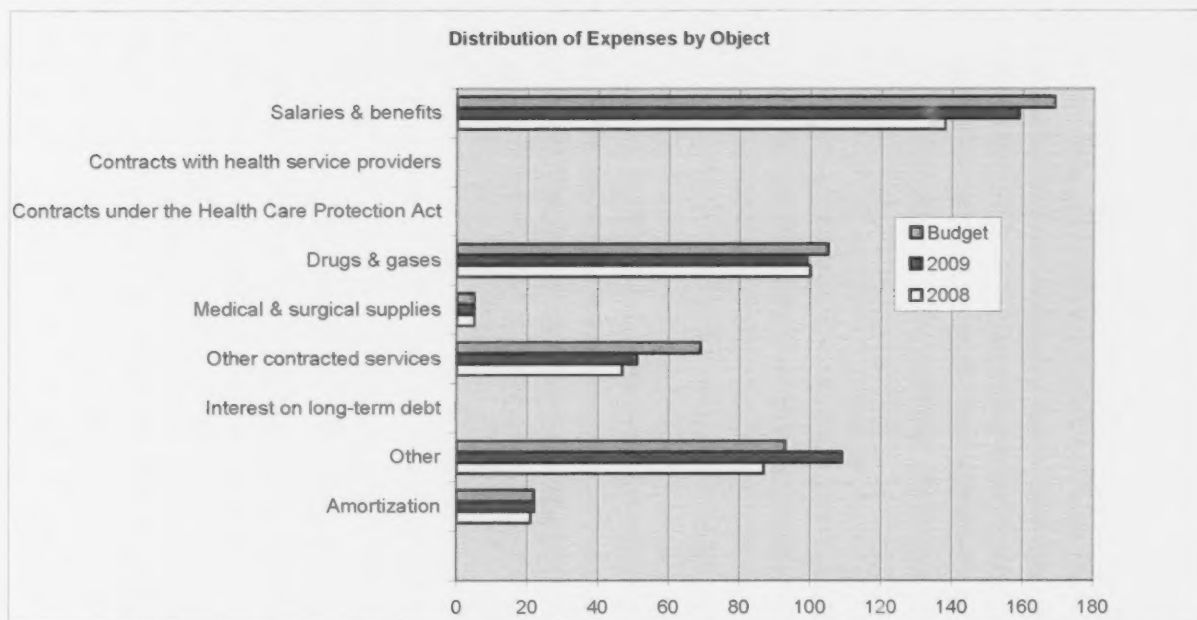
Community-based care expenses were higher in 2009 due to inflation, increased cost of drugs, and settlement of collective agreements for the United Nurses of Alberta, Alberta Union of Provincial Employees, and Health Sciences Association of Alberta.

Promotion, prevention, and protection services expenses increased in 2009 due to inflation, and increased usage of restricted grant funds. A decrease compared to budget was due to slower than expected rollout of some restricted grant programs.

Research and education expenses were less than budget in 2009 due to slower than expected rollout of restricted programs.

Support services expenses increased in 2009 due to having an additional leased site for services, and inflation.

Expenses – by Object



Salaries and benefits were less than budget due to lower than expected restricted grant spending. Salaries and benefits increased over prior year by 15.7%; due to general rate increases in collective agreements and additional full-time equivalents.

Other contracted services were less than budget primarily due to less than expected spending on consulting, and restricted grant expenses.

Other expenses were greater than budget due to unbudgeted growth in leased space cost, inflation, and other sundry expenses. Expenses increased in 2009 primarily due to inflation, increases in the cost of operating leased space, and increased spending in research grants.

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$130	\$105	\$25
Non-current assets	170	197	(27)
Total assets	\$300	\$302	\$(2)
Current liabilities	\$120	\$97	\$23
Non-current liabilities	117	123	(6)
Net assets	63	82	(19)
Total liabilities and net assets	\$300	\$302	\$(2)

Current Assets have increased and non-current assets have decreased as cash and cash equivalents held in the prior year for non-current purposes is now required for current obligations and accounts receivable increased to recover costs related to the transition to Alberta Health Services.

Current Liabilities have increased due to cash received in the year for the multi year Radiation Therapy Corridor project, which remains held in deferred contributions and is expected to be consumed in the next two years.

Net assets have decreased mainly due to the deficit incurred.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$130	\$105
Total current liabilities	\$120	\$97
Working Capital ratio	1.08	1.08

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets. The entity continues to have a favorable liquidity position.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$359	\$335	\$24
Accumulated amortization	208	187	21
Net book value	\$151	\$148	\$3

The total unamortized capital assets consist of \$5 of land, \$69 of facilities and parkades, \$59 of equipment, \$10 of information systems, and \$8 of deposits on equipment.

The estimated remaining useful life for equipment decreased from 5.6 years to 5.5 years; the estimated remaining useful life for information systems decreased from 2.9 years to 2.3 years; and the estimated useful life for buildings and parkades increased from 10.0 years to 10.1 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment; the reinvestment rate for equipment was 87.1% in 2009 (2008 – 61.8%); for information systems was 56.7% in 2009 (2008 – 93.9%) and for buildings and parkades was 84.0% in 2009 (2008 – 44.3%).

The Alberta Cancer Board relies extensively on external sources for funding capital assets.

Equipment purchases in 2009 were \$13 and were funded 67% externally, and 33% internally (2008 amount of \$13 was funded 42% externally and 58% internally). Information systems purchases were \$2 in 2009 and were funded 62% externally, and 38% internally (2008 amount of \$3 was funded 3% externally and 97% internally). Facility expenditures were \$9 in 2009 and were funded 13% externally and 87% internally (2008 amount was \$4 funded 22% externally and 78% internally).

As at March 31, 2009, outstanding contractual commitments for capital assets were \$10 for facilities and \$10 for equipment.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$(48)	\$22	\$70	\$27	\$(5)
Investing activities	(2)	0	2	(17)	17
Financing activities	5	6	1	7	(1)
Increase (decrease) in current cash and cash equivalents	(45)	28	73	17	11
Current cash and cash equivalents, beginning of year	85	78	(7)	61	17
Current cash and cash equivalents, end of year	\$40	\$106	\$66	\$78	\$28

The cash position, comprised of cash and temporary investments, has increased primarily due to an increase in restricted deferred contributions received and less than expected spending of grant funding, resulting in changes to non-cash working capital and allocations to non-current cash and investments.

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$87	\$74	\$(13)	\$64	\$10
Expenses	89	76	13	62	14
Excess (deficiency) of revenue over expenses	\$(2)	\$(2)	\$ -	\$2	\$(4)

The Alberta Mental Health Board had a deficit for the year of \$2 compared to a budgeted deficit of \$2, resulting in no significant variances.

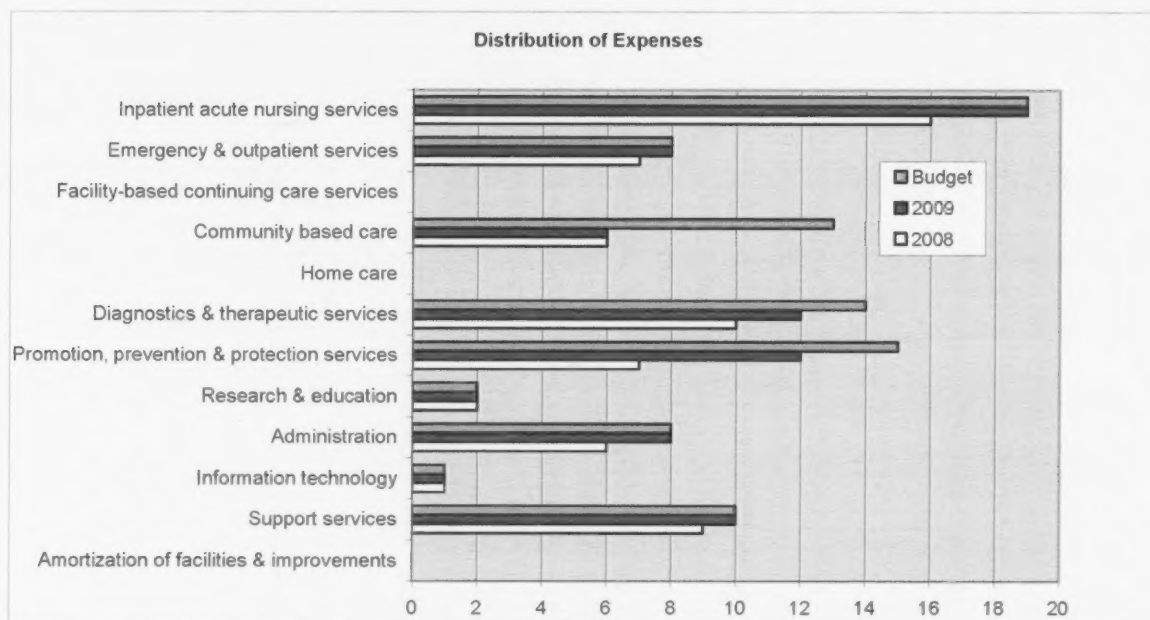
Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$84	\$71	\$(13)	\$63	\$8
Other government contributions	1	3	2	-	3
Fees and charges	-	-	-	-	-
Ancillary operations	-	-	-	-	-
Donations	-	-	-	-	-
Investment and other income	2	-	(2)	1	(1)
Amortization of external capital contributions	-	-	-	-	-
Total revenue	\$87	\$74	\$(13)	\$64	\$10

Total revenue fell below budget due to lower than planned Alberta Health & Wellness ("AH&W") contributions recognized for various externally restricted grant projects, which have been delayed by extended development and start-up activities. These projects include: Children's Mental Health projects, contributing approximately \$3 to the variance; Community Treatment Orders/Special Mental Health projects contributing \$4 in variance; and planned grant funding of \$6 for the expansion of the Forensic Psychiatry, Family Violence Treatment and Diversion programs under the Safe Communities Task Force.

Total Revenue increased from 2008 largely due to an increase in AH&W contributions. This increase in contributions is attributed to additional base funding and an increase over prior year of approximately \$5 in recognized externally restricted grants. These restricted grant increases are attributed to the Children's Mental Health projects, including: Community Capacity Building, Community Helpers, Mental Health First Aid, Postvention, Positive Futures, and Intentional Drug Overdose.

Expenses – By Program



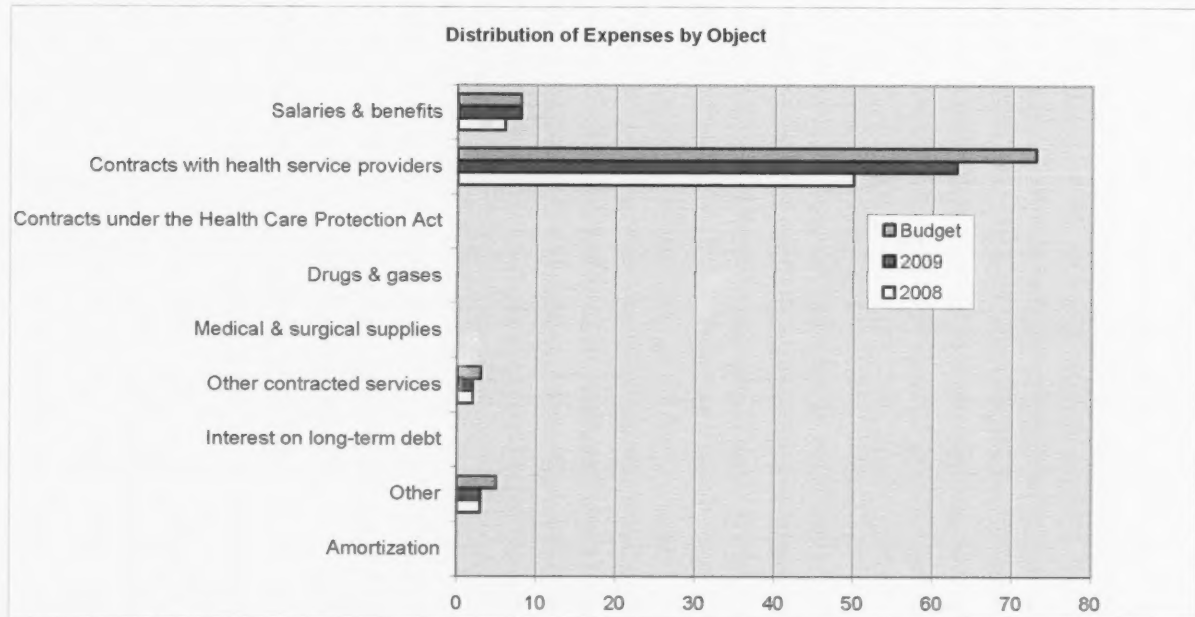
Total expenses in 2009 fell below budget largely due to lower than planned expenditures under externally restricted grant projects, which have been delayed by extended development and start-up activities.

Community based care expenses were lower than budget primarily due to the delayed spending in Community Treatment Orders/Special Mental Health projects and the planned spending under Safe Communities, which did not occur. The remaining variance was attributed to further favorable variances in the Forensics program.

Total expenses in 2009 increased from 2008 by 23% largely due to additional operating expenditures funded by additional base funding, additional expenditures funded through additional AH&W and Other Government Contributions and additional expenditures incurred against the internally restricted reserves.

Promotion, prevention & protection expenses were higher in 2009 due to the Children's Mental Health initiatives which increased approximately \$5 over 2008. The largest contributor of this increase was the Capacity Building project.

Expenses – By Object



Contracts with health service providers in 2009 fell below budget due largely to the externally restricted grants for Community Treatment Orders and Safe Communities. Expenditures were deferred as AH&W decided to take the lead in developing the plan under this grant. Further expenditures planned under the restricted grant projects under Safe Communities did not occur as the grant was subsequently allocated to East Central Health.

The increase in contracts with health service providers over 2008 is attributed to an increase in Forensics contracts including Forensics Psychiatry, Family Violence and Provincial Diversion programs, approximating \$6, an increase in contracts with school boards regarding the Children's Mental Health Capacity Building projects, approximating \$5, and increased contract payments to school board pilot sites under the Mental Health Capacity Building initiative and increased payments under Research and other contracts contributed another \$1 to the variance.

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$40	\$90	\$(50)
Non-current assets	80	29	51
Total assets	\$120	\$119	\$1
Current liabilities	\$32	\$21	\$11
Non-current liabilities	80	84	(4)
Net assets	8	14	(6)
Total liabilities and net assets	\$120	\$119	\$1

The decrease in current assets of \$50 is attributed to the receipt of current contributions receivable from AH&W approximating \$71, of which \$48 is recorded as non-current cash and \$23 in current cash, cash equivalents and investments.

The increase in current liabilities of \$11 is due to an increase in deferred AH&W restricted grant contributions, largely attributed in 2009 to the Children's Mental Health projects.

The decrease in net assets in 2009 is due to the current year deficit and expenditures related to internally restricted net assets.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$40	\$90
Total current liabilities	\$32	\$21
Working Capital ratio	1.25	4.28

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$1.1	\$1.2	\$(0.1)
Accumulated amortization	0.5	0.3	0.2
Net book value	\$0.6	\$0.9	\$(0.3)

Total unamortized capital assets consist of equipment, information technology and leasehold improvements. Disposals of equipment and information technology in 2009 exceeded additions in each of these capital asset categories. This along with increased accumulated amortization is attributed to the decrease in amortized capital assets in 2009.

The estimated remaining useful life for equipment decreased from 4.8 years to 4.0 years; the estimated remaining useful life for information systems decreased from 3.8 years to 2.9 years; and the estimated useful life for leasehold improvements decreased from 3.5 years to 2.5 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment; the reinvestment rate for equipment was 50.9% in 2009 (2008 – 41.4%); for information systems was 10.7% in 2009 (2008 – 157.7%) and for leasehold improvements was 0.0% in 2009 (2008 – 144.9%).

The Alberta Mental Health Board relies extensively on internal sources for funding capital assets. Total purchases in capital assets in 2009 were not significant.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$76	\$78	\$2	\$18	\$60
Investing activities	(60)	(55)	5	(13)	(42)
Financing activities	-	-	-	-	-
Increase (decrease) in current cash and cash equivalents	\$16	\$23	\$7	\$5	\$18
Current cash and cash equivalents, beginning of year	14	14	-	9	5
Current cash and cash equivalents, end of year	\$30	\$37	\$7	\$14	\$23

The current cash position for 2009, comprised of cash, cash equivalents and temporary investments, has exceeded budget due largely to a lower level of cash used by investing activities. Purchases of non-current investments in 2009 were below plan while proceeds on sale of non-current investments exceeded the plan, resulting in a net reduction of cash used by investing activities.

The current cash position increased from 2008 due to a significant increase in cash generated from operations and partially offset by an increase in cash used by investing activities. The increase in cash generated from operations was largely attributed to the increase in cash associated with the decrease in Contributions Receivable from AH&W and therefore a change in non-cash working capital. The increase in cash used by investing activities is mainly attributable to the allocation from current to non-current cash and investments.

Aspen Regional Health Authority

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$300	\$294	\$(6)	\$284	\$10
Expenses	300	312	12	284	28
Excess (deficiency) of revenue over expenses	\$0	\$(18)	\$(18)	\$0	\$(18)

The Aspen Regional Health Authority had a deficit for the year of \$18 compared to a balanced budget. The variance was caused by the following significant items:

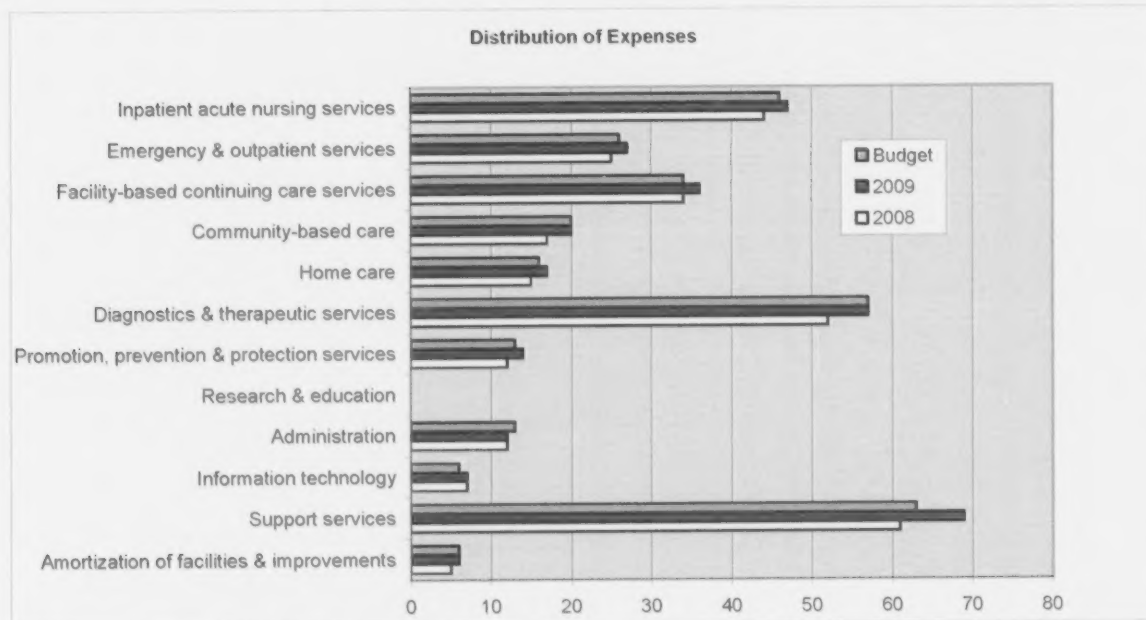
Unbudgeted collective agreement increases and increased overtime	\$(2)
Unbudgeted growth	(3)
Other contracted services and contracts with other health service operators	(3)
Other inflationary pressures & unrealized operational efficiency opportunities	(1)
Higher than anticipated renovation and depreciation expense	(3)
Revenue – decrease in AH&W contributions & fees and charges	(6)
Variance of actual to budget	\$(18)

Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$252	\$247	\$(5)	\$238	\$9
Other government contributions	1	1	-	1	-
Fees and charges	27	26	(1)	24	2
Ancillary operations	1	2	1	2	-
Donations	-	-	-	-	-
Investment and other income	9	8	(1)	10	(2)
Amortization of external capital contributions	10	10	-	9	1
Total revenue	\$300	\$294	\$(6)	\$284	\$10

There were no significant variances for the Region.

Expenses – By Program

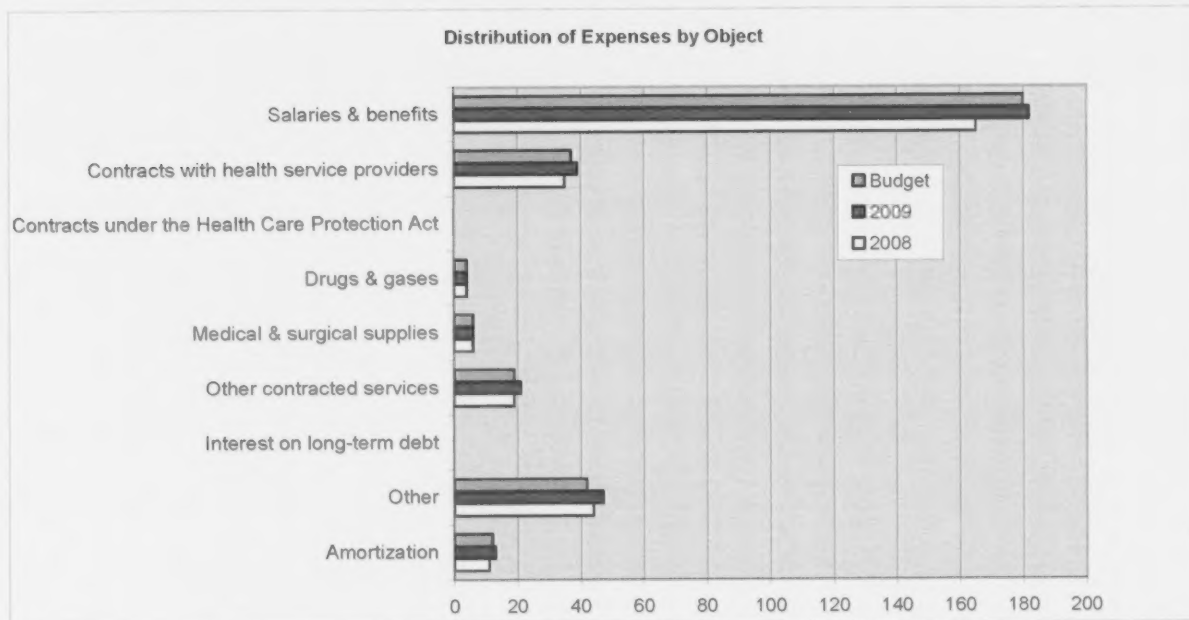


Total expenses in 2009 increased from 2008 and were higher than budget primarily due to higher than anticipated collective agreement settlements, increased usage of overtime, unbudgeted costs and inflation. Full time equivalents ("FTE") increased by 36 from 2008 and the average rate increased by appropriately 7%.

Diagnostic and therapeutic expenses increased in 2009 due to wage increases; increase in contracts with health service operators; amortization increases in the Magnetic Resonance Imaging (MRI) program; and increased Lab referred-out testing.

Support services expenses increased due to increased renovation expense; increased maintenance expenses, increased compensation, increased transport costs and increased food expense.

Expenses – By Object



Salaries and benefits increased over prior year due to contract settlements ranging from 5% to 15%. Hours increased by 1.6% due to the use of more unregulated staff to support service delivery and client need.

Other expenses were greater than budget due to increased renovation expenditures, increased patient travel costs, and increased building/grounds maintenance.

Aspen Regional Health Authority

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$59	\$70	\$(11)
Non-current assets	196	210	(14)
Total assets	\$255	\$280	\$(25)
Current liabilities	\$60	\$58	\$2
Non-current liabilities	186	193	(7)
Net assets	9	29	(20)
Total liabilities and net assets	\$255	\$280	\$(25)

Current assets decreased due to a reduction in contributions receivable from Alberta Health & Wellness, partially offset by an increase in current cash and investments.

Net assets decreased due to the current year deficit and the current year net unrealized losses on investments.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$59	\$70
Total current liabilities	\$60	\$58
Working Capital ratio	0.98	1.21

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$375	\$367	\$8
Accumulated amortization	(200)	(190)	10
Net book value	\$175	\$177	\$(2)

The total unamortized Capital assets consist of \$5 of land and land improvements, \$135 of facilities, \$28 of equipment, and \$7 of work in progress. The work in progress consists of \$4 for the Edson Healthcare Centre redevelopment, \$1 for MRI renovations, and \$2 for other capital expenditures.

The estimated remaining useful life for equipment increased from 4.35 years to 4.5 years and the estimated useful life for facilities decreased from 24.0 years to 21.4 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment. The reinvestment rate for equipment was 64.1% in 2009 (2008 – 130.3%) and for facilities was 224.2% in 2009 (2008 – 432.2%).

The Aspen Health Region relies extensively on external sources for funding capital assets.

Equipment purchase in 2009 were \$4 and were funded 45% externally and 55% internally (2008 amounts of \$7 was funded 59% externally and 41% internally). Facility expenditures were \$14 in 2009 and were funded 98% externally and 2% internally (2008 purchases were \$22 funded 99% externally and 1% internally).

Aspen Regional Health Authority

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$2	\$5	\$3	\$4	\$1
Investing activities	(10)	(1)	9	(30)	29
Financing activities	8	-	(8)	16	(16)
Increase (decrease) in current cash and cash equivalents	0	4	4	(10)	14
Current cash and cash equivalents, beginning of year	44	44	-	54	(10)
Current cash and cash equivalents, end of year	\$44	\$48	\$4	\$44	\$4

The increase in cash flow from investing activities is mainly attributable to the decrease in purchases of investments and capital assets. The decrease in cash flow from financing activities is due to the decrease in capital contributions received.

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Consolidated Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Consolidated Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$3,056	\$3,347	\$291	\$2,856	\$491
Expenses	3,278	3,339	61	2,955	384
Excess (deficiency) of revenue over expenses	\$(222)	\$8	\$230	\$(99)	\$107

The Calgary Health Region had a surplus for the year of \$8 compared to a budgeted deficit of \$222. The variance was caused by the following significant items:

Alberta Health & Wellness one-time funding & deficit elimination	\$186
Alberta Health Services transition grant	21
Alberta Health & Wellness funding for the physicians Alternate Relationship Plan ("ARP")	53
Goodwill impairment	(26)
Other	(4)
Variance of actual to budget	\$230

Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$2,610	\$2,860	\$250	\$2,421	\$439
Other government contributions	34	54	20	32	22
Fees and charges	178	178	-	160	18
Ancillary operations	40	44	4	39	5
Donations	6	8	2	7	1
Investment and other income	96	96	-	110	(14)
Amortization of external capital contributions	92	107	15	87	20
Total revenue	\$3,056	\$3,347	\$291	\$2,856	\$491

Total revenue increased mainly due to an increase in Alberta Health & Wellness ("AH&W") global funding, one-time funding & deficit elimination, physician ARP revenue and the Alberta Health Services transition grant.

AH&W contributions were greater than budget due to \$186 one-time funding & deficit elimination, \$53 physician ARP revenue and \$11 in funding for the Primary Care Networks ("PCN"). AH&W contributions were higher in 2009 due to an increase of \$187 in global funding, \$186 one-time funding & deficit elimination, \$52 physician ARP revenue, \$7 funding for PCNs, and \$7 in other restricted funds.

Other government contributions were greater than budget and higher in 2009 primarily due to the Alberta Health Services transition grant.

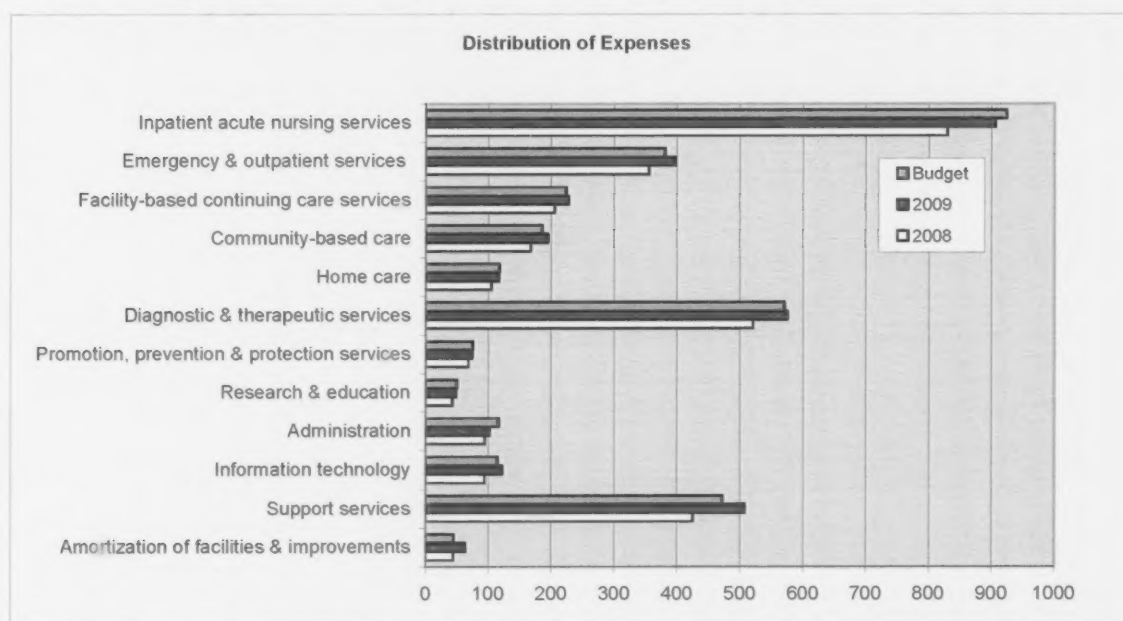
Fees and charges were higher in 2009 mainly due to the commencement of billing for Intensive Care Units (ICU) and increased revenue from long term care.

Investment & other income were lower in 2009 mainly due to a decrease in investment income due to market conditions.

Calgary Health Region

Amortization of external capital contributions were greater than budget and higher in 2009 primarily due to capitalization of externally funded projects such as Richmond Road Diagnostic & Treatment Centre, Rockyview Highwood Tower expansion and retirement of assets related to building and building service equipment.

Expenses – By Program



Total expenses in 2009 increased by 13.0% from 2008 and were higher than budgeted amounts by 1.8%. This increase was primarily due to inflation, settlement of the collective agreements with Auxiliary Nursing, General Support Services and Health Sciences Association of Alberta, and increased costs for long-term care and home care. Full-time equivalents increased by 1,253 in 2009 and the average rate increased by 4.8%.

Emergency and outpatient expenses were higher in 2009 due to inflation, increased emergency room visits, increased volume for general & specialty clinics, Neurology ARP and the Colon Cancer Screening Centre.

Facility-based continuing care expenses increased in 2009 due to inflation, additional continuing care spaces, increased nursing and personal care hours, and other private and voluntary providers.

Community-based care expenses were higher in 2009 due to inflation, growth in Primary Care Networks, increased costs for Designated Assisted Living, Palliative and Hospice care, and the opening of the Sheldon M. Chumir Health Centre.

Home care expenses were higher in 2009 due to inflation and rate increases for home care and self-managed care.

Diagnostic and therapeutic expenses increased in 2009 due to inflation and increased volumes for laboratory, computed tomography, and diagnostic imaging services.

Research and education expenses increased in 2009 due mainly to inflation, an increase in the number of residents, the Clinical Assistant Program and an increase in regional therapeutics.

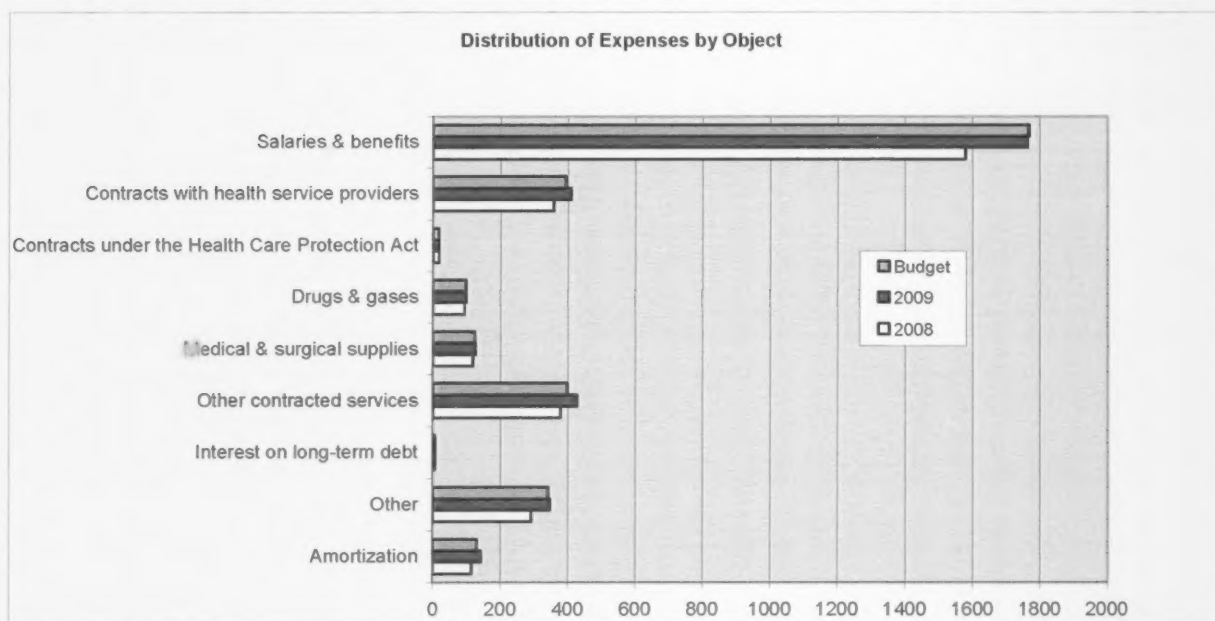
Administration expenses were less than budget due to lower than anticipated interest expenses due to funding advances from Alberta Health & Wellness, and recruitment and workforce savings.

Information technology expenses increased in 2009 due to inflation, infrastructure clinical application support, device and print service, clinical transformation and user services.

Support services expenses were higher in 2009 due to inflation, Calgary Laboratory Services ("CLS") goodwill impairment, enhanced housekeeping and increased cost for plant maintenance.

Amortization of facilities and improvements increased from budget and the prior year mainly due to unbudgeted amortization of Richmond Road Diagnostic & Treatment Centre and Rockyview General Hospital, Highwood Tower expansion, and the retirement of assets resulting from a capital asset inventory review.

Expenses – By Object



Salaries and benefits increased in 2009 due to inflation, changes to collective agreements and growth.

Contracts with health service operators' costs increased in 2009 due to inflationary changes to Long Term Care and Home Care contracts as a result of salary settlements, growth, and increases in service delivery for home care and continuing care providers.

Other contracted services were greater than budget and increased in 2009 primarily due to increases in medical purchased services related to physician remuneration with a number of new unbudgeted ARP's established in the year, as well as increases in contracted recruitment.

Other expenses increased in 2009 primarily due to inflation, CLS goodwill impairment, increase in the cost of leased space, clinical lab supplies, utilities, food supplies, travel, recruitment, equipment and plant maintenance expense.

Amortization expense increased in 2009 due to the Richmond Road Diagnostic Treatment Centre, Rockyview Highwood Tower projects and retirement of various building improvement and building service equipment.

Statement of Financial Position

The Consolidated Statement of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Consolidated Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$288	\$188	\$100
Non-current assets	3,231	2,858	373
Total assets	\$3,519	\$3,046	\$473
Current liabilities	\$579	\$503	\$76
Non-current liabilities	2,884	2,484	400
Net assets	56	59	(3)
Total liabilities and net assets	\$3,519	\$3,046	\$473

The increase in current assets in 2009 was primarily due to increased cash generated from operations resulting in higher cash and cash equivalents offset by a decrease in contributions receivable from AH&W. The increase in non-current assets is attributable to increased restricted funds received resulting in higher non-current cash and investments, additions to capital assets, and a decrease in capital contributions receivable, offset by the goodwill impairment write-off.

The increase in current liabilities is due to increased accounts payable and accrued liabilities. Non-current liabilities increased as compared to the prior year predominantly due to an increase in unamortized external capital contributions resulting from the South Health Campus, Foothills Medical Centre expansion, Peter Lougheed Centre expansion and Rockyview General Hospital expansion.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$288	\$188
Total current liabilities	\$579	\$503
Working Capital ratio	0.50	0.37

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets.

A portion of current liabilities of the Calgary Health Region are attributable to capital expenditures which are funded by restricted funds held in non-current cash and investments and capital contributions receivable. The Calgary Health Region receives its monthly funding in advance on the first of the month and invests the cash not required to meet its current obligations to maximize investment income.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$3,267	\$2,761	\$506
Accumulated amortization	(939)	(877)	(62)
Net book value	\$2,328	\$1,884	\$444

The total net book value of capital assets at March 31, 2009 consists of \$53 of land, \$1,068 of facilities, \$150 of equipment, \$116 of information systems, and \$941 of work in progress. The work in progress consists of \$280 for the Foothills Medical Centre expansion, \$190 for the Peter Lougheed Centre expansion, \$169 for the South Health Campus, \$89 for the Rockyview General Hospital expansion, \$49 for the South Health Campus parkade, \$30 for the Foothills Medical Centre Lot 10 parkade, \$15 for Garrison Green extended care facility, and \$119 for other capital expenditures.

The estimated remaining useful life for equipment decreased from 4.1 years to 3.6 years, the estimated remaining useful life for information systems decreased from 4.3 years to 3.5 years and the estimated useful life for facilities decreased from 18.2 years to 15.8 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment. The reinvestment rate for equipment was 75.8% in 2009 (2008 – 94.9%), for information systems was 171.7% in 2009 (2008 – 241.3%) and for facilities was 733.8% in 2009 (2008 – 776.2%).

The Calgary Health Region relies extensively on external sources for funding capital assets.

Equipment purchases in 2009 were \$32 and were funded 18% internally and 82% externally (2008 amount of \$39 was funded 31% internally and 69% externally). Information systems purchases were \$58 in 2009 and were funded 53% internally and 47% externally (2008 amount of \$61 was funded 96% internally and 4% externally). Facility additions were \$497 in 2009 and were funded 7% internally, 82% externally and 11% by debt financing (2008 amount of \$375 was funded 6% internally, 90% externally and 4% by debt financing).

As at March 31, 2009, outstanding contractual commitments for capital assets were \$1,375 for facilities, \$24 for information systems and \$4 for equipment.

Statement of Cash Flows

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Consolidated Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$(132)	\$149	\$281	\$(41)	\$190
Investing activities	(763)	(967)	(204)	(237)	(730)
Financing activities	864	960	96	253	707
Increase (decrease) in current cash and cash equivalents	\$(31)	\$142	\$173	\$(25)	\$167
Current cash and cash equivalents, beginning of year	31	31	-	56	(25)
Current cash and cash equivalents, end of year	\$ -	\$173	\$ 173	\$31	\$142

The cash position, comprising cash and temporary investments, has increased during the year by \$142, mainly due to capital contributions received, and proceeds from the sale of investments, offset by purchases of capital assets.

Cash generated by operating activities was higher than budget due to the operating surplus compared to the forecasted deficit. Investing activities were higher than budgeted mainly due to the allocation of current cash and investments. Financing activities were higher than budget mainly due to the greater than expected capital contributions received offset by lower than budgeted levels of proceeds from long-term debt.

Financial Highlights March 31, 2009 (in millions of dollars)

Statement of Operations

The Consolidated Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Consolidated Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$3,159	\$3,361	\$202	\$2,963	\$398
Expenses	3,258	3,450	192	2,982	468
Excess (deficiency) of revenue over expenses	\$ (99)	\$ (89)	\$ 10	\$(19)	\$(70)

Capital Health had a deficit for the year of \$89 compared to a budgeted deficit of \$99. The variance was caused by the following significant items:

Increased costs resulting from contract providers and labor contract settlements	\$(70)
Increased minor equipment purchases	(20)
Alberta Health & Wellness one-time unrestricted funding	100
Variance of actual to budget	\$10

Revenue

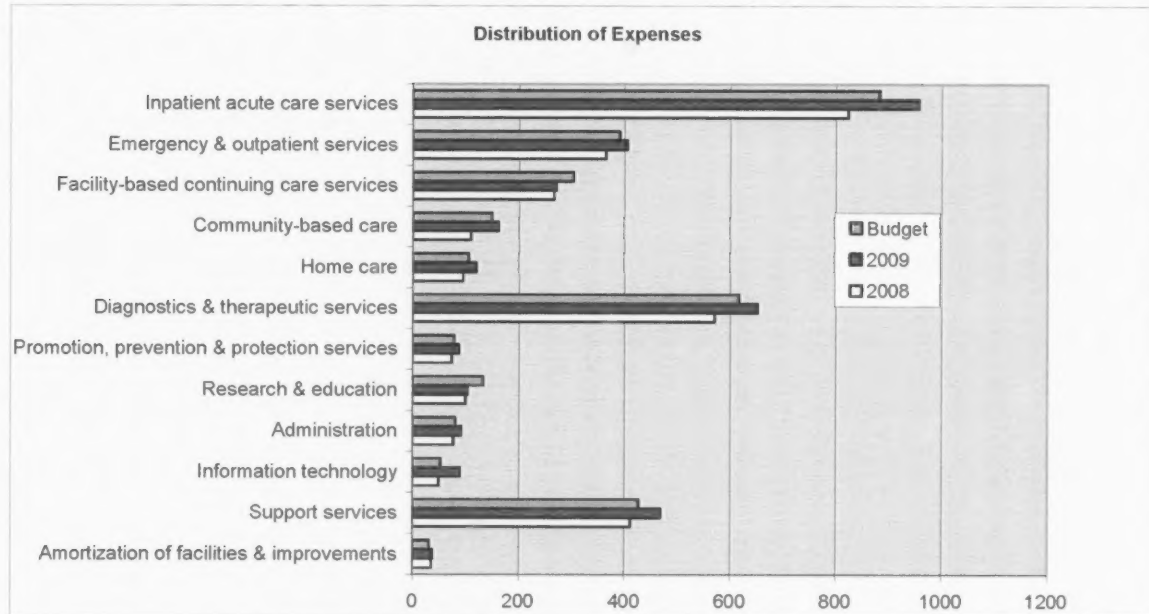
Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$2,636	\$2,785	\$149	\$2,446	\$339
Other government contributions	42	78	36	54	24
Fees and charges	198	200	2	189	11
Ancillary operations	45	51	6	49	2
Donations	36	30	(6)	38	(8)
Investment and other income	108	104	(4)	100	4
Amortization of external capital contributions	94	113	19	87	26
Total revenue	\$3,159	\$3,361	\$202	\$2,963	\$398

Total revenue increased mainly due to an increase in Alberta Health & Wellness ("AH&W") funding and Alberta Health Services transition grant.

AH&W contributions were above budgeted levels mainly due to one-time additional funding of \$100. AH&W contributions were higher in 2009 compared to 2008 due to an increase in population formula funding, revenue recognized on restricted programs that were in effect for the entire year (commenced in previous fiscal year) and the one-time additional unrestricted funding.

Other government contributions increased from the prior year and budget due to the receipt and usage of additional funding related to transitional grants from East Central Health and forensic psychiatry grants from Alberta Mental Health Board.

Expenses – By Program



Total expenses in 2009 increased by 15.7% from 2008 and were higher than budgeted amounts by 5.9%. This increase was primarily due to labor and contract inflation, increased usage of overtime, increased volumes and expansion of services. Capital Health's distribution of expenses has remained consistent with the previous year. Inpatient acute care services and diagnostic and therapeutic expenses continue to make up almost 50% of total expenses. The largest increases were seen in community-based care, inpatient acute care services and information technology.

Inpatient acute care services expenses were higher in 2009 due to labor inflation, increased usage of single-use items, additional acute care beds and increased usage of existing beds, one-time purchases for the Mazinkowski Heart Institute, increased overtime usage and increased volumes and activity, particularly with respect to acute care coverage, regional orthopedic trauma services, emergency services, and specialists on call.

Emergency and outpatient services expenses were higher in 2009 due to increased volumes from growth of existing services such as catheterization lab, pacemaker, weight-wise program, and renal dialysis volumes. Further increases were due to increased volume of high cost drugs, increased labor costs, increased overtime usage and higher rates for physician staff to support the expansion of emergency and outpatient services.

Facility-based continuing care services expenses were lower than budget due mainly to the timing of opening additional community care beds.

Community-based care expenses increased in 2009 due to labor contract inflation, particularly for supportive living and an additional 332 beds and spaces.

Home care expenses were higher than budget due to higher contract costs and increased home care hours. Home care expenses increased in 2009 due to inflation, increased overtime usage and increased home care hours by 300,810 hours.

Diagnostics and therapeutics expenses increased in 2009 due to inflation, increased volumes of laboratory and diagnostic imaging, therapy support for new beds and outpatient activity and expansion of Neuro-trauma.

Promotion, prevention and protection expenses increased in 2009 due to labor cost increases upon contract settlement, and expansion of services.

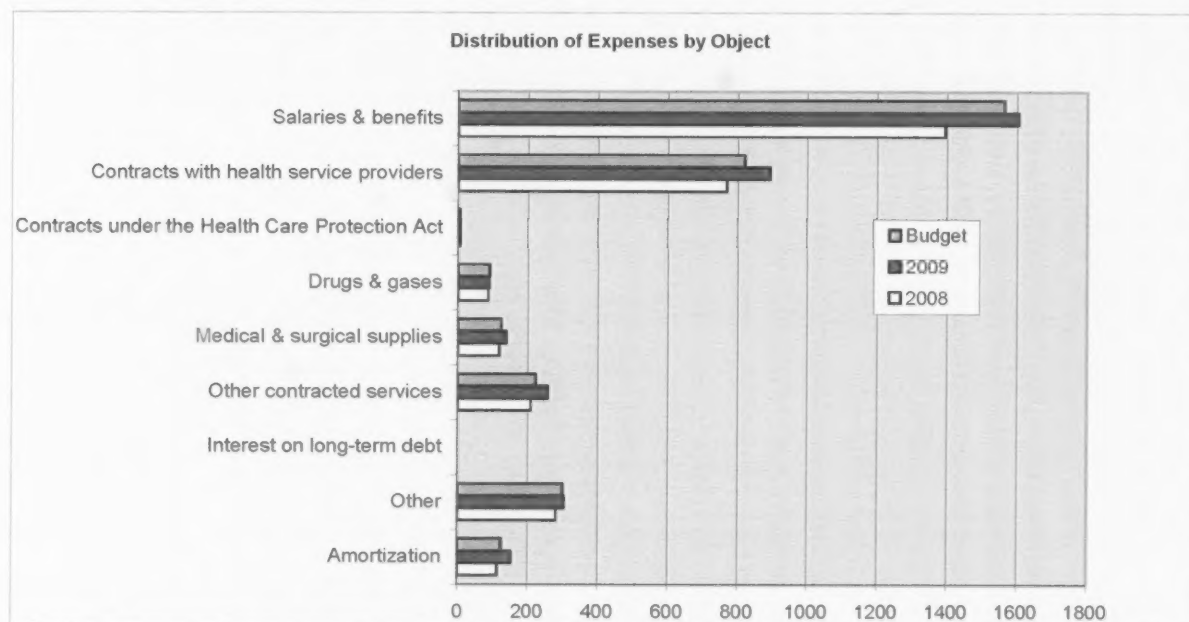
Research and education expenses were lower than budget due to vacancies and the timing of initiative start dates.

Administration expenses were higher than budget mainly due to severance costs incurred. Administration expenses were higher in 2009 as compared to 2008 mainly due to the severances, as well as significant costs incurred in recruitment and training initiatives for international nurses.

Information technology expenses were higher than budget mainly due to the write-off of the Human Resources Information System ("HRIS") project resulting from the restructuring of the organization, consulting fees related to infrastructure upgrade projects and IS operations initiatives. The increased expenses in 2009 also relate to the write-off of the HRIS project, as well as inflation, support contracts and encryption software maintenance. There were also increased consulting services and contract increases.

Support services expenses were higher than budget due to the one time purchases of minor equipment (specifically IV pumps) and infection control supplies, and higher utility costs. Support expenses increased in 2009 due also to the one-time purchase of the IV pumps, as well as inflation, labor contract settlements and increased usage of overtime.

Expenses – By Object



The distribution of expenses by object has remained consistent with the prior year, with salaries and benefits making up almost half of total expenses.

Salaries and benefits were higher in 2009 due to inflation, increased usage of overtime, expansion of services and new initiatives, increase of 96,000 hours by medical education residents, and increased activity for planned growth and population growth.

Contract expenses for health service providers were higher in 2009 due to inflation, increase of 429 facility and community-based beds, 8.4% increase in home care hours and increased volume related to laboratory.

Medical and surgical supplies expenses were higher than budget due to, increased activity and supply usage. Medical and surgical supplies expenses were higher in 2009 due to inflation, increased activity in emergency, laboratory and diagnostic imaging, addition of transition and acute care beds, and increased usage of disposable supplies.

Other contracted services expenses were higher than budgeted mainly due to the increase in recruitment and retention services contracted, increased contract rates and expansion of services. The increased expenses in 2009 were due to inflation, new Alternate Relationship Plan agreements, additional work shifts, new and extended activity in acute care coverage, increased activity on existing contracts, increased specialists on call, and higher payments to non-health service organizations.

Amortization and loss on disposals expenses were higher than budget and the prior year mainly due to the full year impact of facilities / projects completed in 2008 and the write-off of the HRIS project.

Statement of Financial Position

The Consolidated Statement of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Consolidated Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$449	\$571	\$(122)
Non-current assets	2,495	2,337	158
Total assets	\$2,944	\$2,908	\$36
Current liabilities	\$566	\$529	\$37
Non-current liabilities	2,270	2,162	108
Net assets	108	217	(109)
Total liabilities and net assets	\$2,944	\$2,908	\$36

Current assets decreased in 2009 due to a decrease in accounts receivable and prepaid expenses, partially offset by an increase in cash and cash equivalents. The decrease in current accounts receivable is mainly due to the timing of the receipt of AH&W grants. Prepaid expenses decreased significantly as monthly pre-payments to long-term care providers are now made at the beginning of the month for that respective month and is therefore no longer "prepaid" at month-end. The increase in cash and cash equivalents is due to the timing of payments – a significant amount of funding was received and there remained a significant balance of accounts payables at year end.

The increase in non-current assets and non-current liabilities is mainly due to an increase in capital assets. Since most capital projects are externally funded, capital expenditures increase both capital assets and unamortized external capital contributions. This increase is partially offset by a decrease in contributions receivable, mainly due to the receipt of a significant amount of funding from AH&W towards the end of the year, as well as a decrease in deferred capital contributions due to the spending of external funds on capital projects.

Current liabilities increased mainly due to the timing of payments related to accounts payable and increased salary and benefits accrued related to the timing of benefit payments, average salary rate increases, increased number of days accrued and growth in full-time equivalents. The increase in current liabilities was partially offset by a decrease in deferred operating contributions, resulting from increased recognition of revenues related to prior deferred grants.

Net assets decreased significantly from the prior year mainly due to the increased operating deficit of \$89 (compared to an operating deficit of \$18 in fiscal 2008) and significant net cumulative unrealized losses on investments of \$14 (as compared to gains of \$7 for fiscal 2008).

Working Capital	Actual 2009	Actual 2008
Total current assets	\$449	\$571
Total current liabilities	\$566	\$529
Working Capital ratio	0.79	1.08

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets. The main reason for the decreased working capital ratio is the current year deficit.

Capital Health

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$2,864	\$2,467	\$397
Accumulated amortization	1,129	1,017	112
Net book value	\$1,735	\$1,450	\$285

The total unamortized capital assets consist of \$26 of land, \$1,035 of facilities, \$234 of equipment, \$18 of information systems and \$422 of work in progress. The work in progress consists of \$137 for the Royal Alexandra Hospital North Treatment Centre, \$54 for the University of Alberta Hospital Edmonton Clinic, \$48 for the Royal Alexandra Hospital Surgical Centre, \$30 for the Eastwood Primary Health Care Centre, and \$153 for other capital expenditures.

The estimated remaining useful life for equipment increased from 2.9 years to 3.5 years; the estimated remaining useful life for information systems decreased from 4.0 years to 0.8 years; the estimated useful life for facilities increased from 33.6 years to 36.6 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment; the reinvestment rate for equipment was 190.5% in 2009 (2008 – 170.0%); for information systems was 114.0% in 2009 (2008 – 410.0%) and for facilities was 704.5% in 2009 (2008 – 510.0%).

Capital Health relies extensively on external sources for funding capital assets.

Equipment purchase in 2009 were \$128 and were funded 58% externally and 42% internally (2008 amounts of \$105 was funded 82% externally and 18% internally). Information systems purchases were \$25 in 2009 and were funded 49% externally and 51% internally (2008 amount of \$16 was funded 83% externally and 17% internally). Facility expenditures were \$285 in 2009 and were funded 92% externally and 8% internally (2008 purchases were \$189 funded 88% externally and 12% internally).

Capital Health has approved capital commitments of \$743 for capital projects, \$4 for information systems and \$36 for equipment.

Statement of Cash Flows

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Consolidated Statement Of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$(84)	\$128	\$212	\$55	\$73
Investing activities	(476)	(457)	19	(514)	57
Financing activities	300	343	43	477	(134)
Increase (decrease) in current cash and cash equivalents	\$(260)	\$14	\$274	\$18	(4)
Current cash and cash equivalents, beginning of year	296	296	-	278	18
Current cash and cash equivalents, end of year	\$36	\$310	\$274	\$296	\$14

The cash position, comprised of cash and temporary investments, has increased to \$310 from \$296 in 2008. This is primarily the result of the following:

Operating cash flows increased as compared to budget mainly due to the change in non-cash working capital and lower than expected operating deficit. Operating cash flows increased in 2009 mainly due to the change in non-cash working capital, partially offset by a higher operating deficit.

Investing cash flows were higher in 2009 due to lower purchases of investments and a positive allocation to non-current cash and investments, partially offset by increased capital purchases, lower proceeds on sales of investments, and higher net unrealized losses on investments.

Financing cash flows were higher than budget mainly due to the receipt of contributions receivable, partially offset by less capital contributions received in the year. Financing cash flows were lower as compared to the previous year mainly due to less capital contributions received in the year, partially offset by the change in contributions receivable.

Chinook Regional Health Authority

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$359	\$375	\$16	\$350	\$25
Expenses	368	394	26	353	41
Excess (deficiency) of revenue over expenses	\$(9)	\$(19)	\$(10)	\$(3)	\$(16)

Chinook Regional Health Authority had a deficit for the year of \$19 compared to a budgeted deficit of \$9. The variance was caused by the following significant items:

Overtime	\$(2)
Other contracted health services	(4)
Other inflationary pressures & unrealized operational efficiency opportunities	(3)
Other	(1)
Variance of actual to budget	\$(10)

Revenue

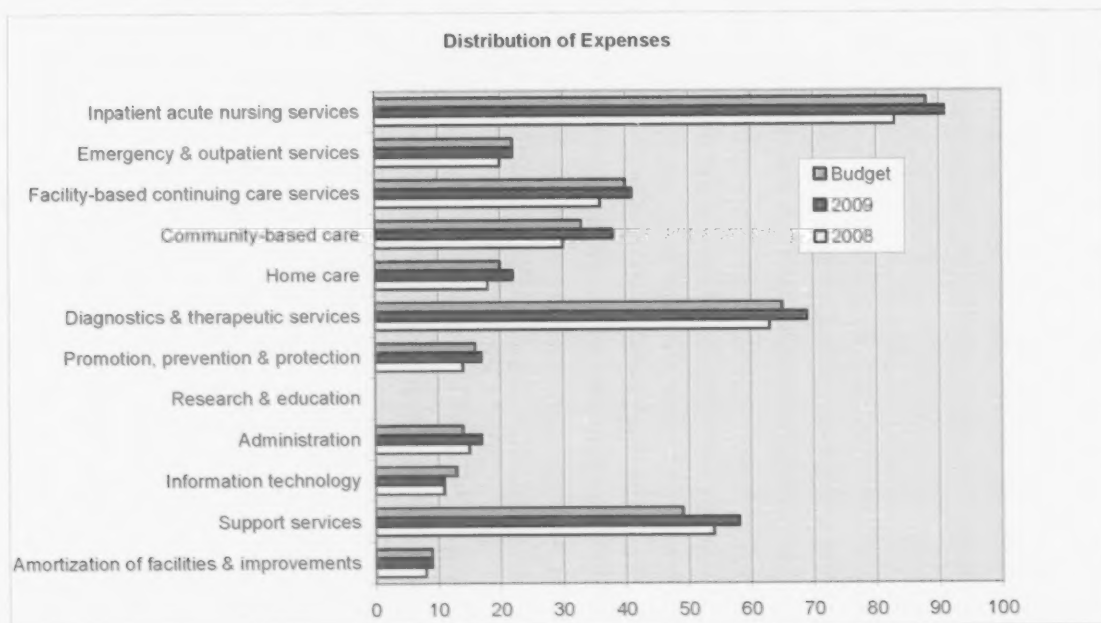
Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$316	\$322	\$6	\$300	\$22
Other government contributions	3	6	3	4	2
Fees and charges	12	20	8	18	2
Ancillary operations	2	2	-	2	-
Donations	1	-	(1)	1	(1)
Investment and other income	12	11	(1)	11	-
Amortization of external capital contributions	13	14	1	14	-
Total revenue	\$359	\$375	\$16	\$350	\$25

Total revenue was higher in 2009 as compared to 2008, mainly due to an increase in Alberta Health & Wellness ("AH&W") global funding, one-time funding, increase in restricted program spending and increase in fees and charges.

AH&W contributions were higher in 2009 due to a \$17 increase in global funding, \$2 increase in restricted program spending, \$2 of one-time funding and \$1 increase in Primary Care Network revenue.

Fees and charges actual revenue was higher than budgeted due to higher than expected patient visits and rate increases that were not included in the 08/09 budget.

Expenses – By Program



Total expenses in 2009 increased from 2008 and were higher than budgeted amounts primarily due to inflation, increased usage of overtime, settlement of collective agreements, unrealized operational efficiencies, and increased costs for contracts with health service providers. Full-time equivalents (FTEs) increased by 81 in 2009.

Facility-based inpatient acute nursing expenses were higher in 2009 due to an increase in payroll expenses arising from the settlement of collective agreements, overtime, and additional staffing requirements. Medical and surgical supplies were also higher in 2009 as a result of an increase in operating room activity.

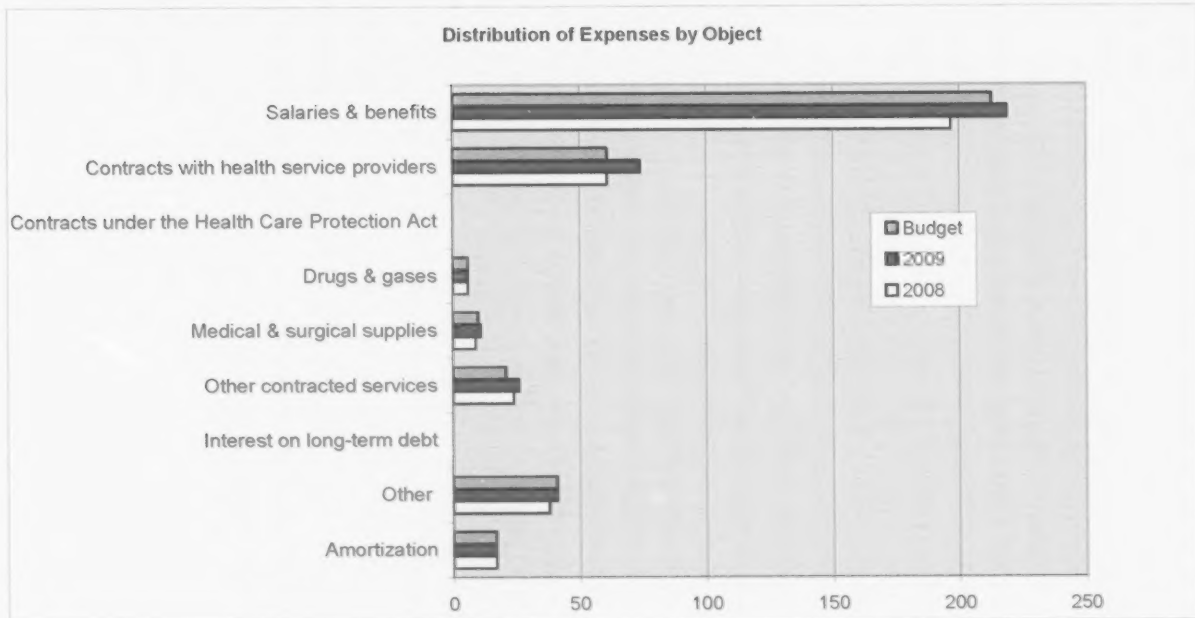
Facility-based continuing care expenses increased in 2009 due to inflation, additional continuing care spaces, increased nursing and personal care hours, and higher expenses incurred with respect to other private and voluntary health service providers.

Community-based care expenses were higher in 2009 primarily due to increased costs incurred with respect to private and voluntary health service providers. Expenses were also higher due to inflation, payroll costs, and growth in the Chinook Primary Care Network.

Diagnostic and therapeutic expenses increased in 2009 due to an increase in payroll expenses, inflation and increased volumes of laboratory, diagnostic imaging, and pharmacy services.

Support services expenses were higher than budget due to higher expenses incurred with respect to private and voluntary health service providers.

Expenses – By Object



Salaries and benefits expenses increased in 2009 by \$9 due to an increase in FTEs, the full impact of collective agreement increases of \$8, and other various compensation expenses of \$5, including overtime of \$2.

Contracts with health service provider costs were higher than budgeted due to unrealized closure of beds and unrealized reduction of funding to St. Michael's Long-term Care facility and Lethbridge Extendicare facility. Costs also increased in 2009 due to inflation, growth and increases in service delivery for home care, and increases arising from salary settlements.

Other contracted services' costs were higher than budgeted due to an increase in interpretation fees (more procedures), legal fees, and unanticipated increase in specialist and rural services on call.

Chinook Regional Health Authority

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$37	\$57	\$(20)
Non-current assets	278	247	31
Total assets	\$315	\$304	\$11
Current liabilities	\$72	\$67	\$5
Non-current liabilities	248	222	26
Net assets	(5)	15	(20)
Total liabilities and net assets	\$315	\$304	\$11

Current assets have decreased by \$20 due to a \$9 decrease in current cash, cash equivalents and investments, \$10 decrease from the AH&W contribution receivable due to timing of receipt of funds, and a \$1 decrease in prepaid expenses.

Non-current assets have increased by \$31 due to an increase in non-current cash, cash equivalents and investments of \$50 attributable to timing of restricted capital contributions received, \$26 decrease in long-term contributions receivable from AH&W due to timing of receipt of funds, \$4 increase in capital assets due to additions made during the year, and \$3 increase in other assets.

Non-current liabilities have increased by \$26 due to an increase in deferred capital contributions of \$25 consisting of \$23 for the Cancer Centre and \$2 for other capital upgrade projects, and \$1 increase in unamortized external capital contributions due to externally funded purchase of capital assets.

Net assets have decreased mainly due to the current year deficiency of revenue over expenses of \$19.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$37	\$57
Total current liabilities	\$72	\$67
Working Capital ratio	0.51	0.85

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets. However, a large portion of current liabilities of the Authority, such as accrued vacation pay and some deferred contributions, are not paid out on a current basis.

Chinook Regional Health Authority

Capital assets	Actual 2009	Actual 2008	Increase
Cost	\$394	\$377	\$17
Accumulated amortization	200	186	14
Net book value	\$194	\$191	\$3

The total unamortized Capital assets consist of \$4 of land, \$132 of facilities, \$18 of equipment, \$10 of building service equipment, \$8 of information systems, and \$22 of work in progress. The work in progress consists of \$1 for the RSHIP program, \$1 for the Lethbridge Regional Hospital expansion, \$8 for the Cancer Centre, and \$12 for other capital upgrades.

The estimated remaining useful life for equipment decreased from 3.0 years to 2.9 years; the estimated remaining useful life for building service equipment decreased from 12.1 years to 11.7 years; the estimated remaining useful life for information systems decreased from 4.2 years to 3.4 years; and the estimated useful life for facilities decreased from 19.3 years to 18.8 years in 2009. Comparing capital purchases to the annual amortization expense indicates the rate of reinvestment; the reinvestment rate for equipment was 99.9% in 2009 (2008 – 107.9%); for building service equipment was 0.0% in 2009 (2008 – 538.8%); for information systems was 10.3% in 2009 (2008 – 74.2%); and for facilities was 0.0% in 2009 (2008 – 5.9%).

The Authority relies extensively on external sources for funding capital assets.

Total equipment purchased in 2009 were \$6 and were funded 27% externally, 70% internally and 3% by debt financing (2008 amounts of \$7 were funded 93% externally, 6% internally and 1% by debt financing). Facility expenditures were \$14 in 2009 and were funded 88% externally and 12% internally (2008 expenditures of \$9 funded 35% externally and 65% internally).

As at March 31, 2009, outstanding contractual commitments for capital assets were \$21 for facilities.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$11	\$(27)	\$(38)	\$4	\$(31)
Investing activities	(21)	(22)	(1)	(35)	13
Financing activities	12	40	28	33	7
Increase (decrease) in current cash and cash equivalents	\$2	\$(9)	\$(11)	\$2	\$(11)
Current cash and cash equivalents, beginning of year	31	31	-	29	2
Current cash and cash equivalents, end of year	\$33	\$22	\$(11)	\$31	\$(9)

The cash position, comprised of current cash, cash equivalents and investments, has decreased during the year by \$9 mainly due to a deficiency of revenues over expenses, higher levels of capital expenditures, allocations from current cash and investments, and changes in non-cash working capital; partially offset by capital contributions received and changes in non-current contributions.

Cash used by operating activities exceeded budget due to the current year deficiency of revenues over expenses, and a negative change in non-cash working capital compared to a budgeted positive change. Cash used by investing activities exceeded budget due to the allocation of current cash and investment being offset partially by a positive change in non-cash working capital. Cash generated by financing activities was higher than budget mainly due to the greater than expected capital contributions received.

David Thompson Health Region

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$660	\$683	\$23	\$669	\$14
Expenses	693	714	21	636	78
Excess (deficiency) of revenue over expenses	\$(33)	\$(31)	\$2	\$33	\$(64)

The David Thompson Health Region had a deficit for the year of \$31 compared to a budgeted deficit of \$33. The difference is mainly represented by delayed implementation of approved programs until later in the year, partially offset by higher than expected salary costs.

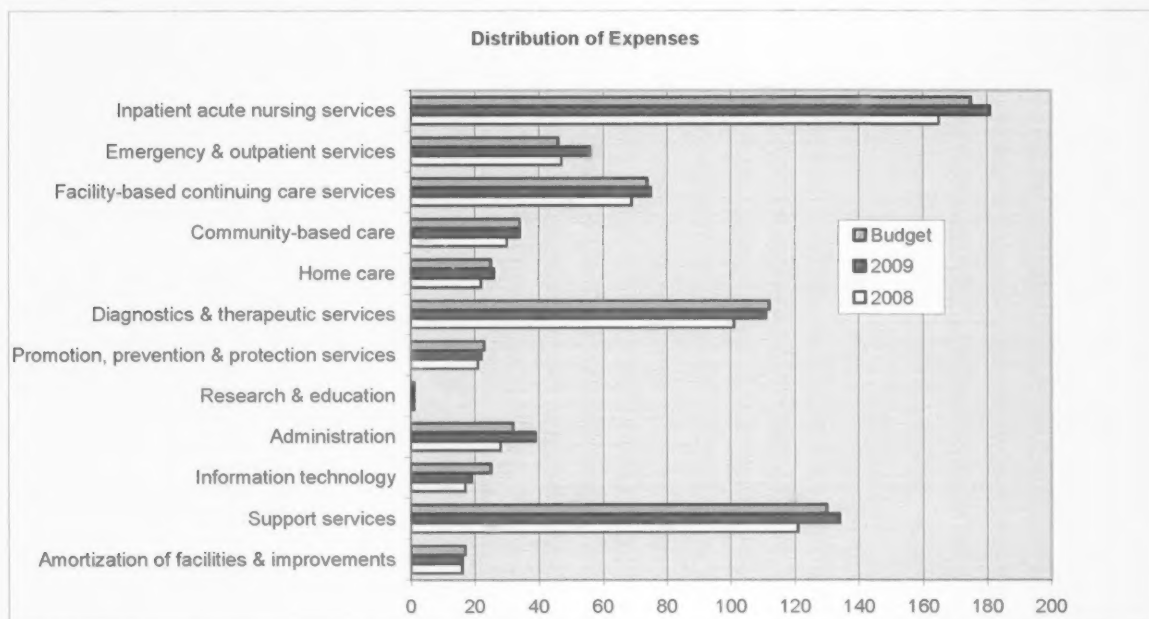
The annual deficit in 2009 as compared to the prior year surplus, was mainly due to increased contributions from Alberta Health & Wellness ("AH&W") offset by increased expenses related to increased activity, increased salary rates, increased overtime and severance costs.

Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$572	\$586	\$14	\$577	\$9
Other government contributions	5	10	5	11	(1)
Fees and charges	34	37	3	34	3
Ancillary operations	5	4	(1)	5	(1)
Donations	1	3	2	2	1
Investment and other income	14	17	3	15	2
Amortization of external capital contributions	29	26	(3)	25	1
Total revenue	\$660	\$683	\$23	\$669	\$14

Total revenue increased due mainly to increases in AH&W contributions.

Expenses – By Program



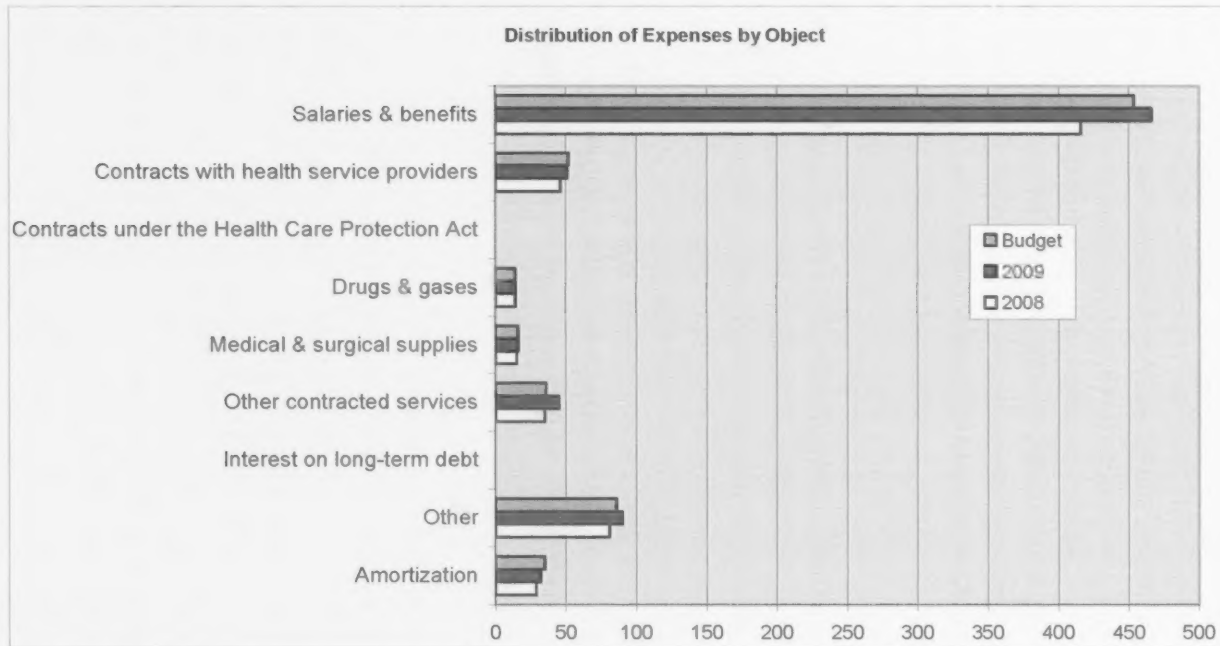
Total expenses in 2009 increased by 12.3% from 2008 and were higher than budgeted amounts by 3.0%. This increase was due mainly to activity and salary rate increases as well as high sick time and overtime costs. These factors significantly impacted the areas of inpatient acute nursing care, emergency & outpatient services, diagnostic & therapeutic services and support services.

Administration expenses were greater than budget and prior year due to increased recruitment initiatives and severances.

Information technology expenses came in under budget mainly due to lower than anticipated amortization on capital projects.

David Thompson Health Region

Expenses – By Object



Salaries and benefits increased in 2009 due to general pay rate and benefit cost increases in excess of initial estimates, new programs and significant sick time costs and overtime incurred.

Contracts with health service provider costs increased in 2009 due to inflation, growth and increases in service delivery for home care and continuing care providers.

Other contracted services costs increased in 2009 and were higher than budget due to new human resource grants from AH&W that were paid to various post-secondary institutions.

Other expenses increased in 2009 due to inflation and higher maintenance costs associated with ageing facilities.

David Thompson Health Region

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$128	\$116	\$12
Non-current assets	462	482	(20)
Total assets	\$590	\$598	\$(8)
Current liabilities	\$155	\$108	\$47
Non-current liabilities	427	450	(23)
Net assets	8	40	(32)
Total liabilities and net assets	\$590	\$598	\$(8)

Current cash and investments increased by \$16 as a result of grant funding received late in the year, offset by a decrease in accounts receivable of \$4.

Accounts payable and accrued liabilities increased by \$15 including \$5 related to RSHIP grants received from Alberta Health and Wellness on behalf of other partner regions. Generally higher trade payables and payroll liabilities represented the remaining portion of the increase.

Deferred contributions increased due to amounts related to future spending in the areas of information technology, renovations and human resource projects.

Net assets decreased mainly due to the operating deficit.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$128	\$116
Total current liabilities	\$155	\$108
Working Capital ratio	0.83	1.07

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets. Overall decrease in working capital ratio is due to increased accounts payable and deferred contributions.

David Thompson Health Region

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$765	\$748	\$17
Accumulated amortization	351	326	25
Net book value	\$414	\$422	\$(8)

The total net book value of capital assets at March 31, 2009 consists of \$14 of land, \$301 of facilities, \$56 of equipment and \$43 of work in progress. The work in progress consists of \$18 for the Rimbey Health Centre upgrades, \$12 for the Michener Centre upgrades, and \$13 for other capital expenditures.

The estimated remaining useful life for equipment decreased from 3.8 years to 3.7 years, and the estimated useful life for facilities decreased from 19.9 years to 19.3 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment. The reinvestment rate for equipment was 90% in 2009 (2008 – 98.5%).

The David Thompson Health Region relies extensively on external sources for funding capital assets.

Equipment purchases in 2009 were \$14 and were funded 42% internally and 58% externally (2008 amount of \$13 was funded 25% internally and 75% externally). Facility additions were \$10 in 2009 and were funded 25% internally and 75% externally (2008 amount of \$23 was funded 100% externally).

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$(65)	\$19	\$84	\$77	\$(58)
Investing activities	(21)	(24)	(3)	(48)	24
Financing activities	42	22	(20)	24	(2)
Increase (decrease) in cash and investments	\$(44)	\$17	\$61	\$53	\$(36)
Cash and investments, beginning of year	80	83	3	30	53
Cash and investments, end of year	\$36	\$100	\$64	\$83	\$17

Operating activities increased by \$84 compared to budget due mainly to the changes in non-cash working capital, which resulted from higher than anticipated accounts payable and deferred contributions. The change in operating activities as compared to the prior year is mainly due to the current year deficit as compared to a surplus of \$33 in 2008.

Investing activities decreased in 2009 due to lower purchases of facilities and improvements and the change in allocations to non-current cash.

Financing activities decreased significantly as compared to budget mainly due to lower than expected capital contributions.

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$277	\$360	\$83	\$258	\$102
Expenses	281	366	85	260	106
Excess (deficiency) of revenue over expenses	\$(4)	\$(6)	\$(2)	\$(2)	\$(4)

The East Central Health had a deficit for the year of \$6 compared to a budgeted deficit of \$4. The transition to Alberta Health Services ("AHS") affected both revenue and expenses by \$66. The major variances were caused by the following significant items:

The impact of recently ratified collective agreements	\$(10)
Transfer of Health Boards of Alberta	3
Additional operating grants from Alberta Health and Wellness	10
Overtime	(2)
Investment income had an unrealized loss and other income was below anticipated levels	(2)
Other	(1)
Variance of actual to budget	\$(2)

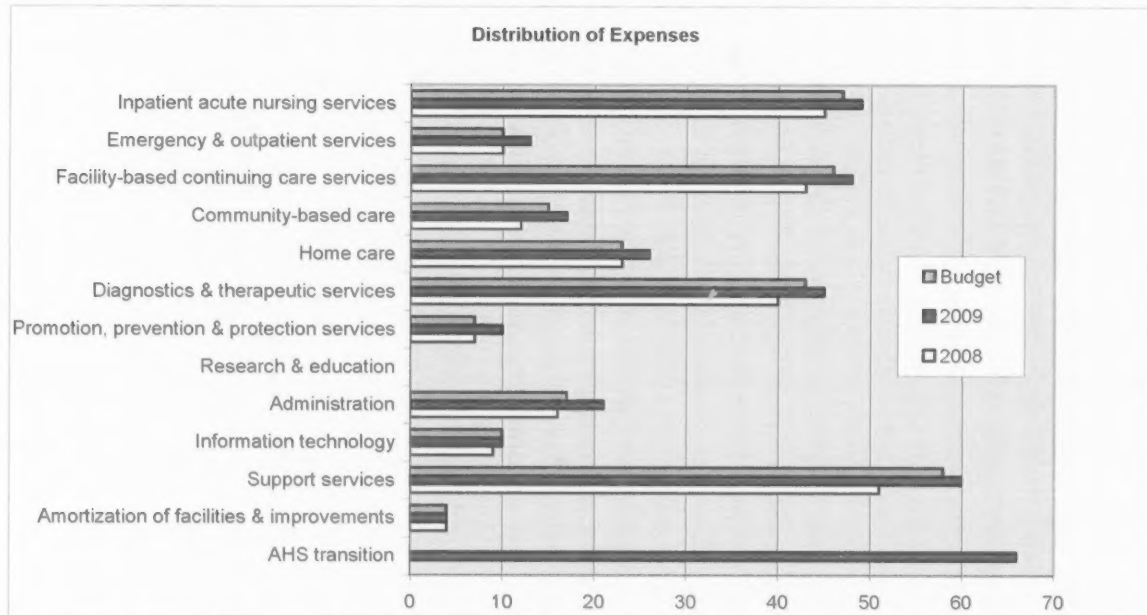
Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$240	\$323	\$83	\$223	\$100
Other government contributions	2	3	1	2	1
Fees and charges	21	22	1	20	2
Ancillary operations	1	1	-	1	-
Donations	-	-	-	-	-
Investment and other income	5	3	(2)	4	(1)
Amortization of external capital contributions	8	8	-	8	-
Total revenue	\$277	\$360	\$83	\$258	\$102

Total Revenue in 2009 increased from 2008 and was higher than budget due to Alberta Health & Wellness ("AH&W") contributions received to cover the transition to Alberta Health Services.

AH&W Contributions increased from the prior year and was higher than budget due to the receipt of additional funding. The Region received an additional \$10 in operating funding to cover operating shortfalls and \$80 (\$66 recognized in 2009) to cover costs and reimburse the other regional health authorities and health boards for AHS transition costs. An additional \$4 was received to cover the Central Sterile Room renovation costs. As the Region became the legal entity for Alberta Health Services on April 1, 2009, certain additional provincial grants were administered through the Region.

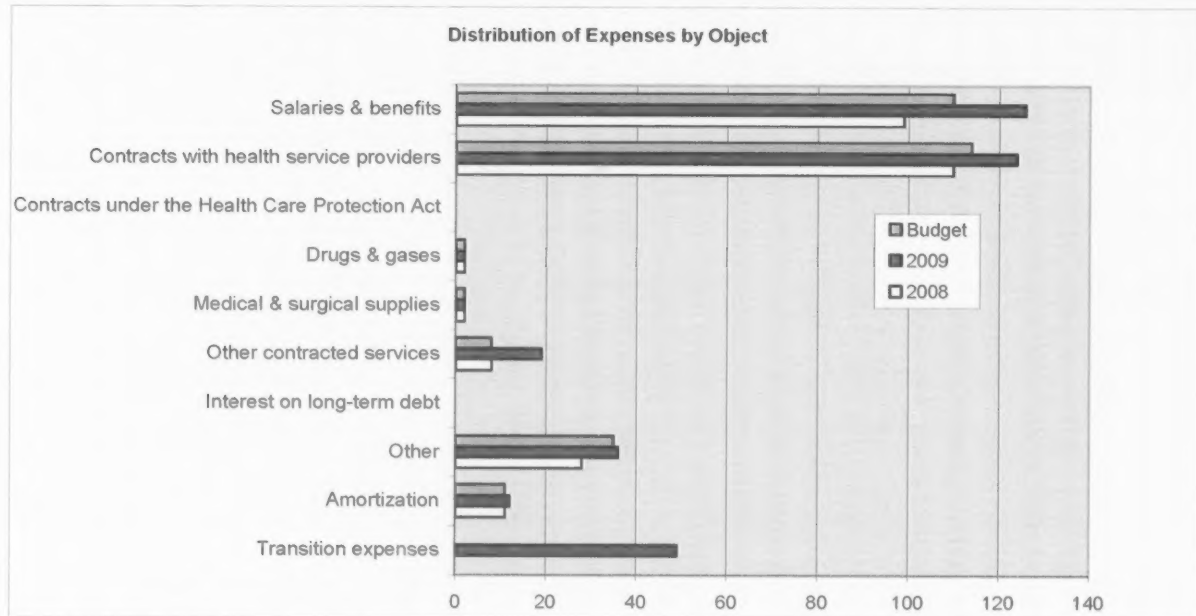
Expenses – By Program



Total expenses in 2009 increased from 2008 and were higher than budget due to inflation, increased usage of overtime, and settlement of collective bargaining contracts. The number of full-time equivalents increased by 123 FTEs and the average rate increased by 6.0%.

Transition expenses were incurred due to the transition to Alberta Health Services. The Region received \$80 in funding from Alberta Health & Wellness for the costs of transitioning to AHS. These costs consist of severance costs and termination benefits, professional services, consulting costs, transferring employees to the Local Authorities Pension Plan ("LAPP"), unfunded supplemental executive retirement plan obligations and other applicable transition expenses. \$66 was charged in the year, of which \$17 was expensed by the Region to the respective programs. The balance of \$49 was the amount reimbursed to other regions and health boards.

Expenses – By Object



Salaries and benefits were greater than budget due to overtime, the full impact of the collective agreements, transition costs, LAPP costs transferred and four new executive positions related to the transition. Expenses increased in 2009 due to the full impact of the collective agreements, transition costs, LAPP costs transferred and four new executive positions related to the transition.

Contracts with health service provider expenses increased in 2009 due to new programs in service delivery funded to Prairie North Health Region for home care nursing and community public health nursing.

Other contracted services were greater than budgeted and increased in 2009 due to transition costs and an increase in contracted health staff.

Other expenses increased in 2009 primarily due to inflation, increased utility costs, food supplies, staff travel, and buildings & grounds maintenance.

Transition expenses were incurred due to the transition to Alberta Health Services. The Region received \$80 in funding from Alberta Health & Wellness for the costs of transitioning to AHS. These costs consist of severance costs and termination benefits, professional services, consulting costs, transferring employees to LAPP, unfunded supplemental executive retirement plan obligations and other applicable transition expenses. \$66 was charged in the year, of which \$17 was expensed by the Region to the respective programs. The balance of \$49 was the amount reimbursed to other regions and health boards.

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$150	\$30	\$120
Non-current assets	242	154	88
Total assets	\$392	\$184	\$208
Current liabilities	\$161	\$36	\$125
Non-current liabilities	231	141	90
Net assets	0	7	(7)
Total liabilities and net assets	\$392	\$184	\$208

Current Assets and non-current assets increased dramatically due to two large grants that were received from AH&W near the end of the fiscal year. A restricted AHS Transition grant of \$80 was received to cover transition costs for all the regional health authorities and health boards. An additional \$36 was received as a restricted grant to cover Emergency Medical Services ("EMS") transition costs. The Region also received approximately \$63 from AH&W for capital projects and renovations. Smaller restricted grants were also received from AH&W for programs related to other regions and health boards.

Total current liabilities increased significantly due to the transition grants being recorded in accounts payable until the cash is transferred to the other regions and health boards to reimburse their transition costs.

Total non-current liabilities increased significantly due to the receipt of capital contributions in the year relating to AHS, which remained deferred at the end of the year.

Net assets decreased significantly mainly due to the deficit incurred in fiscal 2009, after taking into account the transfer of Health Boards of Alberta.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$150	\$30
Total current liabilities	\$161	\$36
Working Capital ratio	0.93	0.83

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$254	\$233	\$21
Accumulated amortization	111	98	13
Net book value	\$143	\$135	\$8

The total unamortized capital assets consist of \$3 of land, \$67 of facilities, \$28 of equipment, and \$45 of work in progress. The work in progress consists of \$16 for the Vegreville Long-Term Care project, \$16 for the Vermilion Long-Term Care project and \$13 for the Viking Acute Care new emergency project.

The estimated remaining useful life for equipment decreased from 4.2 years to 3.5 years; and the estimated useful life for facilities decreased from 18.6 years to 17.9 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment; the reinvestment rate for equipment was 85.6% in 2009 (2008 – 70.2%); and for facilities was 7.5% in 2009 (2008 – 4.1%).

Equipment purchases in 2009 were \$7 and were funded 32% internally and 68% externally (2008 amount of \$5 was funded 42% internally and 58% externally). Work in progress additions were \$12 in 2009 and were funded 100% externally (2008 amount of \$24 was funded 100% externally). There were insignificant purchases of facilities and information systems during the year.

As at March 31, 2009, outstanding contractual commitments for capital assets were \$3 for information systems and work in progress.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$(1)	\$117	\$118	\$7	\$110
Investing activities	(11)	(101)	(90)	(21)	(80)
Financing activities	10	98	88	19	79
Increase (decrease) in current cash and cash equivalents	\$(2)	\$114	\$116	\$5	\$109
Current cash and cash equivalents, beginning of year	16	16	0	11	5
Current cash and cash equivalents, end of year	\$14	\$130	\$116	\$16	\$114

The cash position, comprised of cash and temporary investments, has increased due mainly to the receipt of transition grants during the year.

The Region received a transition grant from AH&W for \$80 as well as \$10 in unrestricted funding. Grant funding received was invested in Canada Treasury Bills until the funds are required to reimburse the other regional health authorities and health boards for the transition expenses they incurred.

Operating cash flows increased significantly as compared to budget and the prior year mainly due to the receipt of grant funding, resulting in an increase in accounts payable to the other regions and deferred contributions. The main portion of the variance is reflected in the changes in non-cash working capital.

Investing activities resulted in a significant decrease in cash flows as compared to budget and the prior year mainly due to the purchase of investments.

Financing activities resulted in increased cash flows as compared to budget and the prior year mainly due to the receipt of capital contributions.

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$179	\$181	\$2	\$166	\$15
Expenses	179	162	(17)	135	27
Excess (deficiency) of revenue over expenses	\$ -	\$19	\$19	\$31	(\$12)

The Northern Lights Health Region had a surplus for the year of \$19 as compared to a balanced budget. The variance was primarily related to lower than anticipated expenditures, which was caused by the following significant items:

Vacant positions	\$10
Current year approval of expanded program expenditures	8
Recruitment / relocation / retention staff & physicians	3
Amortization	3
Other contracted services	(2)
Other	(3)
Variance of actual to budget	\$19

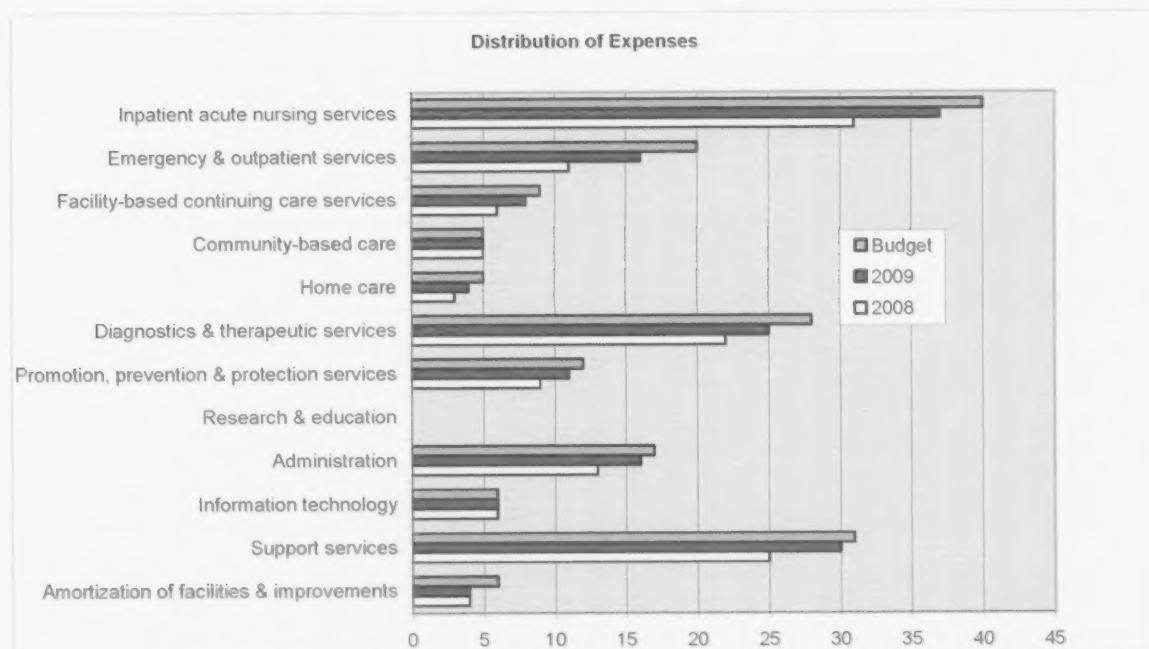
The Region had a significant contingency for planned programs and services that were not fully operational at the start of the year. Approval of the use of these funds occurred over the course of the year as business cases were completed and linked to strategic objectives. The full annualized effect was not realized in 2008-09, which contributed to the Region's surplus.

Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$152	\$153	\$1	\$143	\$10
Other government contributions	2	3	1	3	-
Fees and charges	11	12	1	9	3
Ancillary operations	1	2	1	1	1
Donations	2	1	(1)	1	-
Investment and other income	3	3	-	3	-
Amortization of external capital contributions	8	7	(1)	6	1
Total revenue	\$179	\$181	\$2	\$166	\$15

There were no significant variances for the Region.

Expenses – By Program



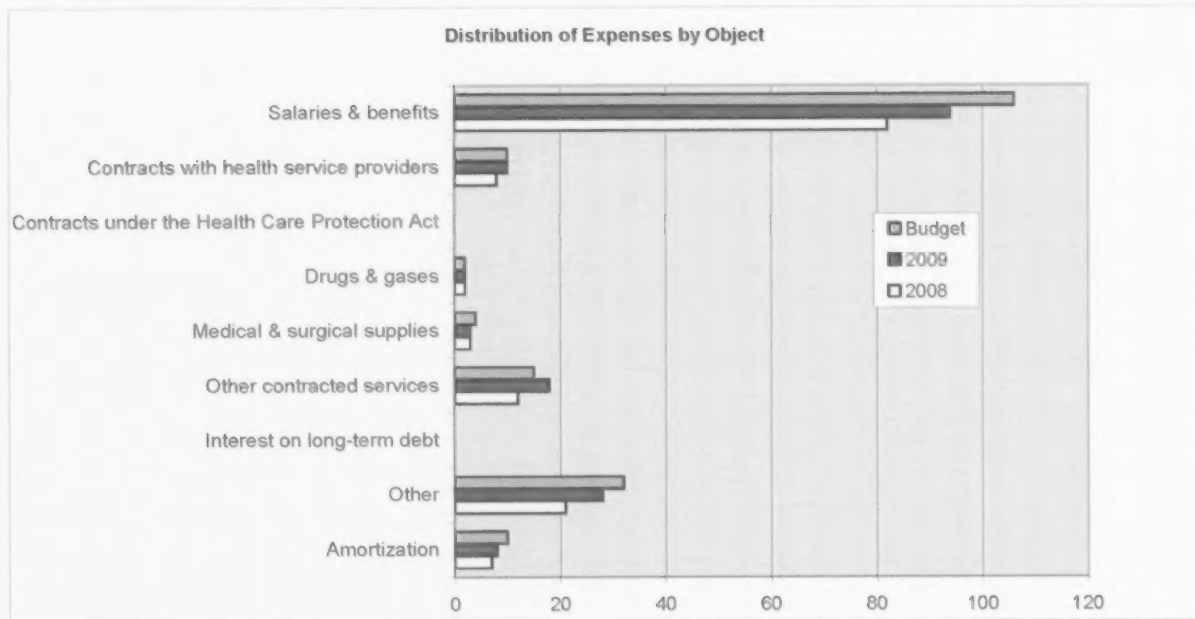
Total expenses in 2009 increased by 20% due to a combination of inflation, budgeted growth and annualization of previously approved regional programs costs. When compared to budget, total expenses varied favorably due to vacant positions and phased approval of program development. Full time equivalent's ("FTE") increased by 93.4 in 2009, while the average compensation per FTE increased 4.01%. The Region implemented operational savings targets to achieve efficiencies while it experienced increased costs related to wages, inflation and growth.

Inpatient acute nursing expenses came in less than budget as the Region did not incur the full annual cost of planned bed expansion and increased surgical capacity, which was still under review late in the fiscal year. The Region also continues to have difficulty in recruiting nursing positions, which results in overtime and the need to hire temporary contract positions. Vacancies were offset by the temporary hiring of supernumerary and temporary nursing positions.

Emergency and outpatient expenses finished the year less than budget due to difficulty in filling budgeted positions, delayed approval of planned program implementations and clinic costs. Expenses were higher in 2009 due to inflation and the annualization of prior year approvals. The Region implemented operational savings targets to achieve efficiencies across the organization.

Support services expenses increased significantly from the prior year due mainly to wage increases, inflation and the annualization of prior year approvals, including an increased allocation of funds for security, facilities maintenance, and materials management.

Expenses – By Object



Salaries and benefits were significantly less than budget; a combination of hard to fill positions and newly created positions resulted in reduced costs. Additionally, an efficiency target was introduced in 2009 which successfully reduced expenditures. Salaries and benefits increased over the prior year primarily due to expanded programs and services which accounted for the increase in full time equivalents of 93.4. Salaries and benefits increased by 4.01% per FTE.

Other contracted services grew significantly and exceeded budget primarily due to increased use of contract individuals and agencies where recruitment had failed to fill positions.

Other expenses were less than budget as mid-year approvals resulted in less than full utilization of budgeted funds. Expenses increased relative to the prior year in areas such as minor equipment, equipment and software maintenance, recruitment/relocation, travel and office supplies.

Northern Lights Health Region

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$63	\$46	\$17
Non-current assets	144	125	19
Total assets	\$207	\$171	\$36
Current liabilities	\$33	\$25	\$8
Non-current liabilities	124	117	7
Net assets	50	29	21
Total liabilities and net assets	\$207	\$171	\$36

The Region's statement of financial position was significantly affected by two factors: the 2009 operating surplus of \$19 and an aggressive capital development and renovation plan. Current assets increased by \$17 primarily due to the surplus from operations while the equivalent change occurred in net assets. Capital additions and renovations of \$25 resulted in a significant increase in capital assets.

Current liabilities increased due to an increase in accounts payable, resulting from significant efforts to complete capital improvements and replacements prior to the end of the fiscal year.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$63	\$46
Total current liabilities	\$33	\$25
Working Capital ratio	1.91	1.84

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets. The current year operating surplus and its affect on the Region's cash position resulted in a further increase in the working capital ratio.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$193	\$168	\$25
Accumulated amortization	87	82	5
Net book value	\$106	\$86	\$20

The total net book value of capital assets consists of \$3 of land, \$2 of site improvements, \$67 of facilities, \$10 of building service equipment, \$20 of equipment, and \$4 of work in progress.

The estimated remaining useful life for equipment increased from 4.8 years to 5.4 years inclusive of information systems, and the estimated useful life for facilities and improvements increased from 16.2 years to 18.8 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment. The reinvestment rate for equipment was 210% in 2009 (2008 – 210%); and for facilities and improvements was 427% in 2009 (2008 – 77%).

The Northern Lights Health Region relies extensively on external sources for funding capital assets.

Equipment purchases in 2009 were \$8 and were funded 23% externally and 77% internally (2008 amounts of \$7 was funded 83% externally and 17% internally). Facility and improvement expenditures were \$18 in 2009 and were funded 75% externally and 25% internally (2008 purchases were \$3 funded 26% externally and 84% internally).

As at March 31, 2009, outstanding contractual commitments for capital assets were \$3 for facilities and improvements.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$1	\$31	\$30	\$34	\$(3)
Investing activities	(41)	(27)	14	(43)	16
Financing activities	25	15	(10)	40	(25)
Increase (decrease) in current cash and cash equivalents	\$(15)	\$19	\$34	\$31	\$(12)
Current cash and cash equivalents, beginning of year	33	35	2	4	31
Current cash and cash equivalents, end of year	\$18	\$54	\$36	\$35	\$19

The Region, through its balanced operating budget, planned to utilize all operating funds received during the year. The surplus from operations of \$19 and less-than anticipated completion of capital construction resulted in an increase in cash from operating activities of \$30.

The capital additions (construction and equipment) planned for 2009 was \$57 while actual costs totaled \$28. This affected the planned cash outflows from investing activities and resulted in a \$14 variance from budget.

The Region's cash inflows from finance activities (external capital contributions received) were less than anticipated by \$10.

Financial Highlights
March 31, 2009
(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$216	\$221	\$5	\$206	\$15
Expenses	221	221	-	209	12
Excess (deficiency) of revenue over expenses	\$(5)	\$ -	\$5	\$(3)	\$3

The Palliser Health Region had a \$0 deficit for the year compared to a budgeted deficit of \$5. The variance was caused by the following significant items:

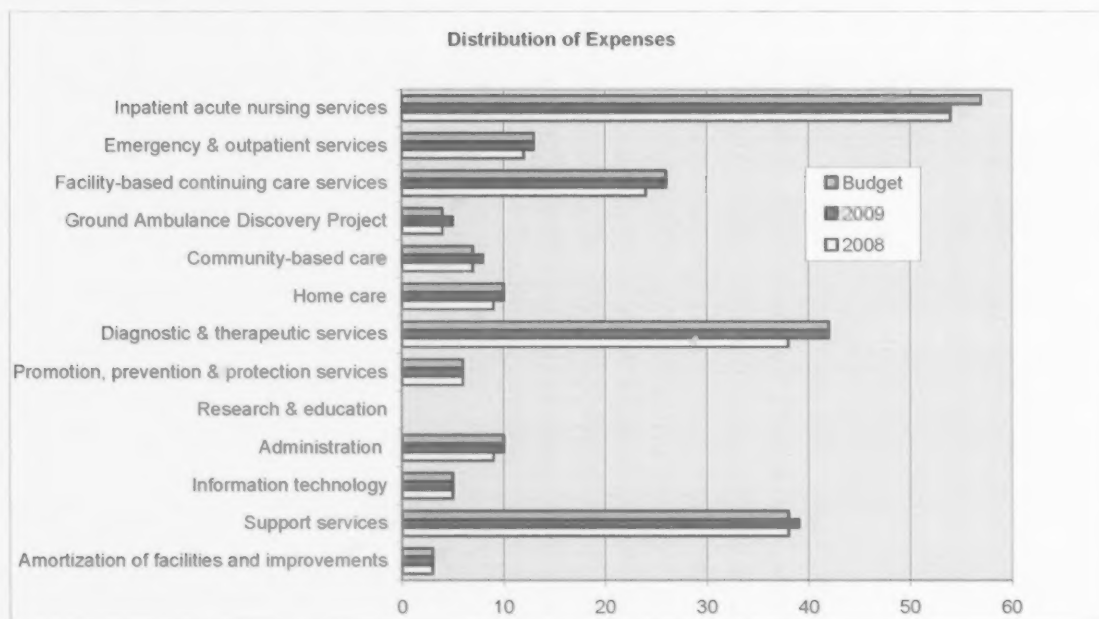
Additional patient fees and charges	\$2
Investment impairment charge, net of increase in other income	(1)
Payroll savings: Overtime and relief reductions plus unfilled vacancies	4
Variance of actual to budget	\$5

Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$183	\$185	\$2	\$175	\$10
Other government contributions	4	5	1	3	2
Fees and charges	18	20	2	16	4
Ancillary operations	1	1	-	1	-
Donations	-	-	-	-	-
Investment and other income	4	3	(1)	5	(2)
Amortization of external capital contributions	6	7	1	6	1
Total revenue	\$216	\$221	\$5	\$206	\$15

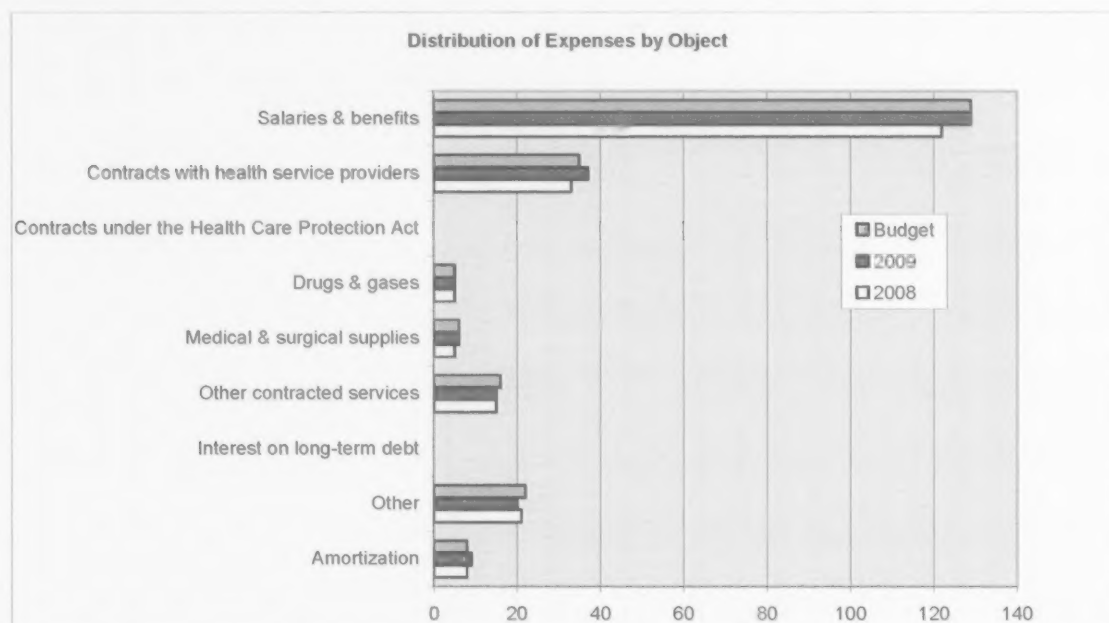
There were no significant variances for the Region.

Expenses – By Program



There were no significant variances for the Region.

Expenses – by Object



There were no significant variances for the Region.

Statement of Financial Position

The Statements of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$42	\$41	\$1
Non-current assets	89	87	2
Total assets	\$131	\$128	\$3
Current liabilities	\$36	\$36	\$ -
Non-current liabilities	81	78	3
Net assets	14	14	-
Total liabilities and net assets	\$131	\$128	\$3

There were no significant variances for the Region.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$42	\$41
Total current liabilities	\$36	\$36
Working Capital ratio	1.17	1.14

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$191	\$179	\$12
Accumulated amortization	110	101	9
Net book value	\$81	\$78	\$3

The total unamortized Capital assets consist of \$1 of land, \$60 of facilities, \$18 of equipment, and \$2 of work in progress.

The estimated remaining useful life for equipment decreased from 3.4 years to 3.1 years and the estimated useful life for facilities increased from 16.9 years to 18.1 years in 2009.

Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment; the reinvestment rate for equipment was 120% in 2009 (2008 – 99%) and the reinvestment rate for facilities was 159% in 2009 (2008 – 207%).

The Palliser Health Region relies extensively on external sources for funding capital assets.

Equipment purchases in 2009 were \$7 and were funded 72% externally and 28% internally (2008 purchases of \$5 were funded 77% externally and 23% internally). Facility expenditures were \$5 in 2009 and were funded 100% externally (2008 expenditures were \$6 and were funded 100% externally).

As at March 31, 2009, outstanding contractual commitments for capital assets were \$2 for equipment.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$(3)	\$4	\$7	\$(2)	\$6
Investing activities	(7)	(12)	(5)	(11)	(1)
Financing activities	5	10	5	10	-
Increase (decrease) in current cash and cash equivalents	\$(5)	\$2	\$7	\$(3)	\$5
Current cash, cash equivalents and investments, beginning of year	30	30	-	33	(3)
Current cash, cash equivalents and investments, end of year	\$25	\$32	\$7	\$30	\$2

Operating activities increased by \$7, mainly due to \$0 actual deficit for 2009 compared to a budgeted deficit of \$5. The \$6 increase compared to 2008 was principally due to changes in non-cash working capital.

Investing activities decreased by \$5 due to increased purchases of externally funded equipment and facilities.

Financing activities increased by \$5 due to the receipt of external capital contributions relating to the purchase of equipment and facilities.

Financial Highlights

March 31, 2009

(in millions of dollars)

Statement of Operations

The Statement of Operations outlines revenues received by the entity and their application to provide health services and finance capital expenditures.

Statement of Operations	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Revenue	\$300	\$310	\$10	\$293	\$17
Expenses	314	318	4	290	28
Excess (deficiency) of revenue over expenses	\$(14)	\$(8)	\$6	\$3	\$(11)

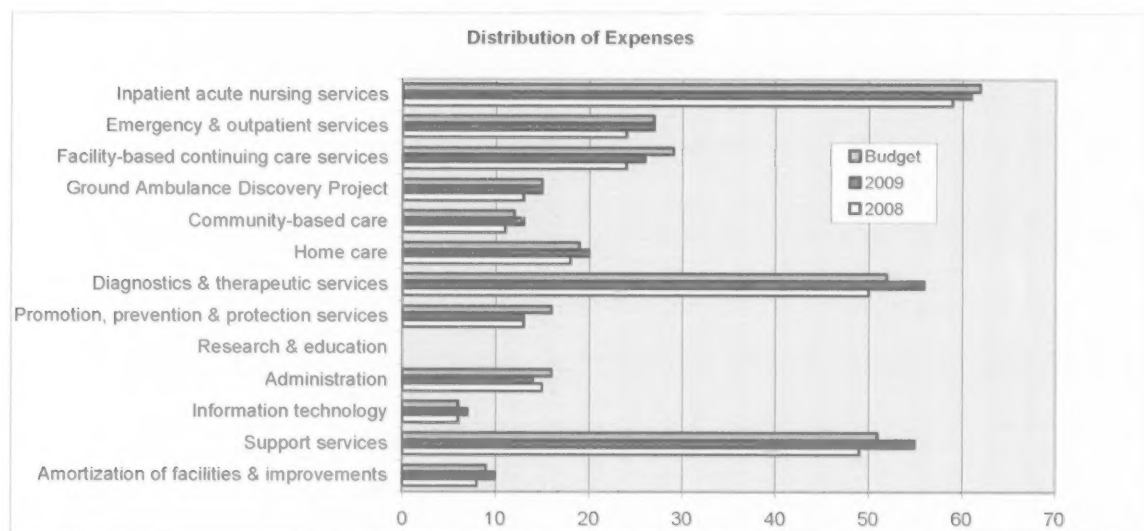
Peace Country Health had a deficit for the year of \$8 compared to a budgeted deficit of \$14. The favorable variance to budget is due to staffing vacancies, delayed implementation of programs, and the impact of cost containment strategies specifically targeting overtime and discretionary spending.

Revenue

Revenue	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Alberta Health & Wellness contributions	\$258	\$259	\$1	\$250	\$9
Other government contributions	1	2	1	1	1
Fees and charges	20	21	1	19	2
Ancillary operations	1	1	-	1	-
Donations	1	1	-	-	1
Investment and other income	7	9	2	9	-
Amortization of external capital contributions	12	17	5	13	4
Total revenue	\$300	\$310	\$10	\$293	\$17

There were no significant variances for the Region.

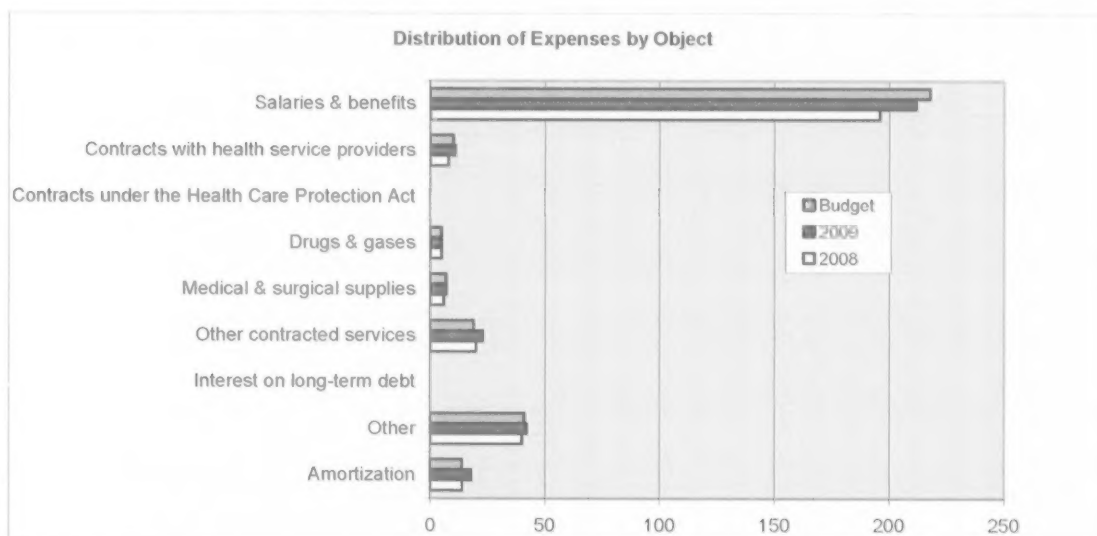
Expenses – By Program



Diagnostic and therapeutic expenses increased from 2008 due to the labor settlement for Health Sciences Association of Alberta, contract increases for radiologists and pathologists, increased volumes in laboratory and diagnostic imaging, and increased operating costs for the new computed tomography scanner.

Support services expenses in 2009 were greater than 2008 expenses due primarily to cost of roof repairs to three health centers. Other contributing factors to this increase in expenditures were the labor settlement for Alberta Union of Provincial Employees, increased utility costs, and increased supply costs due to infection control standard requirements.

Expenses – By Object



There were no significant variances for the Region.

Statement of Financial Position

The Statement of Financial Position provides a summary of the entity's financial assets, liabilities and net assets.

Statement of Financial Position	Actual 2009	Actual 2008	Increase (Decrease)
Current assets	\$25	\$32	\$(7)
Non-current assets	231	230	1
Total assets	\$256	\$262	\$(6)
Current liabilities	\$47	\$45	\$2
Non-current liabilities	217	217	-
Net assets	(8)	-	(8)
Total liabilities and net assets	\$256	\$262	\$(6)

The current year operating deficit of \$8 had the impact of decreasing current assets, specifically cash, and decreasing net assets by equivalent amounts.

Working Capital	Actual 2009	Actual 2008
Total current assets	\$25	\$32
Total current liabilities	\$47	\$45
Working capital ratio	0.53	0.71

Working capital is defined as the ratio of current assets over current liabilities with a ratio greater than 1.0 indicating that, if necessary, all current liabilities would be covered by liquidating current assets. The reduction in Working Capital in 2009 was primarily due to the decrease in current cash.

Capital assets	Actual 2009	Actual 2008	Increase (Decrease)
Cost	\$418	\$404	\$14
Accumulated amortization	(207)	(190)	17
Net book value	\$211	\$214	\$(3)

Net Book Value of Capital assets at March 31, 2009 consists of \$4 of land and land improvements, \$157 of facilities, \$23 of equipment, \$7 information systems, and \$20 of work in progress. The work in progress consists of \$8 for the replacement of the High Prairie Health Complex, \$6 for preliminary planning and design work for construction of the Peace Country Regional Health Centre, and \$6 for various other capital projects.

The estimated remaining useful life for equipment decreased from 5.0 years to 3.7 years, the estimated useful life for information systems decreased from 7.3 years to 6.8 years, and the estimated useful life for facilities decreased from 19.4 years to 15.0 years in 2009. Comparing the capital purchase to the annual amortization expense indicates the rate of reinvestment; the reinvestment rate for equipment was 68% in 2009 (2008 – 180%); and for facilities was 133% in 2009 (2008 – 165%).

The Peace Country Health Region relies extensively on external sources for funding capital assets.

Equipment purchases in 2009 were \$4 and were funded 58% externally and 42% internally (2008 amounts of \$9 was funded 79% externally and 21% internally). Facility expenditures were \$14 in 2009 and were funded 100% externally (2008 purchases were \$14 funded 1% internally and 99% externally).

At the end of 2009, the region had capital expenditure commitments of \$49, including the High Prairie Health Complex replacement commitment of \$47, and \$2 for the Fairview Health Unit redevelopment. Both projects are externally funded via Alberta Infrastructure.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash in 2009.

Statement of Cash Flows	Budget 2009	Actual 2009	Variance	Actual 2008	Increase (Decrease)
Operating activities	\$(17)	\$(6)	\$11	\$14	\$(20)
Investing activities	(39)	(21)	18	(26)	5
Financing activities	36	19	(17)	24	(5)
Increase (decrease) in current cash	(20)	(8)	12	12	(20)
Current cash - beginning of year	19	19	-	7	12
Current cash - end of year	\$(1)	\$11	\$12	\$19	\$(8)

Operating cash flows were higher than budgeted as the actual current year operating deficit was lower than expected. Changes in non-cash working capital accounts explain the remaining variance. The decrease in 2009 as compared to the prior year is mainly due to the current year deficit and changes in non-cash working capital.

For investing and financing activities, the budget anticipated that work on the Peace Country Regional Health Centre capital project would proceed to the next stage, and thus anticipated funding for the project (financing activity) and related capital outlay (investing activity) would occur in 2009. The project did not proceed to the next stage in 2009, and the funding and related expenditure was not realized. The changes incurred as compared to the prior year are mainly due to a reduction in external capital contributions received, which reduced the investment in externally funded equipment.

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ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2009

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ALBERTA CANCER BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2009

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Board members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

"Original signed"

Dr. Stephen Duckett
President & Chief Executive Officer
Date: June 11, 2009

"Original signed"

Chris Mazurkewich, CA
Executive Vice President and CFO
Date: June 11, 2009

"Original signed"

Darryl Diletzoy, CMA
Director of Finance
Date: June 11, 2009

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board (the Board) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

ALBERTA CANCER BOARD STATEMENT OF FINANCIAL POSITION March 31, 2009 (in thousands)

	2009 Actual	2008 Actual
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	\$ 106,323	\$ 77,762
Accounts receivable	11,990	8,892
Contributions receivable from Alberta Health and Wellness	547	7,168
Inventories	8,142	9,609
Prepaid expenses	2,596	1,982
	129,598	105,413
Non-current cash, cash equivalents and investments (Note 3)	18,652	47,755
Capital assets (Note 4)	150,848	148,284
Other assets (Note 7 (b))	958	855
TOTAL ASSETS	\$ 300,056	\$ 302,307
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 41,969	\$ 39,739
Accrued vacation pay	9,496	8,422
Deferred contributions (Note 5)	68,794	48,429
	120,259	96,590
Deferred capital contributions (Note 6)	8,350	12,395
Unamortized external capital contributions	104,667	106,630
Other liabilities	4,132	4,572
	237,408	220,187
Net Assets		
Accumulated surplus (Note 8)	3,990	2,209
Internally restricted net assets (Note 8)	-	20,618
Investment in capital assets	46,181	41,654
Cumulative net unrealized gain on investments	2,175	7,639
Operating net assets	52,346	72,120
	103,392	100,000
Endowments (Note 17)	10,302	10,000
	62,648	82,120
TOTAL LIABILITIES AND NET ASSETS	\$ 300,056	\$ 302,307

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
	(Note 10)		
Revenue			
Alberta Health and Wellness contributions (Note 11)	\$ 347,149	\$ 330,500	\$ 305,058
Other government contributions (Note 12)	3,000	7,532	2,058
Fees and charges	5,900	6,987	5,886
Ancillary operations (Note 13)	7,578	7,948	7,144
Donations	8,200	11,107	6,420
Research and education	32,000	29,006	32,001
Investment and other income (Note 14)	29,100	24,425	29,084
Amortized external capital contributions	14,600	13,329	14,504
TOTAL REVENUE	\$ 447,527	\$ 430,834	\$ 402,155
Expenses (Schedule 1)			
Inpatient acute nursing services	20,791	18,259	17,578
Emergency and outpatient services	108,893	110,409	101,710
Community-based care	41,300	44,420	38,715
Diagnostic and therapeutic services	94,996	96,690	88,659
Promotion, prevention and protection services	49,039	33,332	23,843
Research and education	70,014	61,707	58,475
Administration	12,232	13,759	11,019
Information technology	16,900	12,888	13,598
Support services	42,701	47,037	38,657
Amortization of facilities and improvements	5,700	6,643	5,463
TOTAL EXPENSES	462,566	445,144	397,717
(Deficiency) excess of revenue over expense	<u>\$ (15,039)</u>	<u>\$ (14,310)</u>	<u>\$ 4,438</u>

The accompanying notes and schedules are a part of these financial statements.

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ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2009
(in thousands)

	2009					2008		
	Accumulated surplus / (deficit) (Note 11)	Internally restricted net assets	Investment in capital assets	Cumulative net unrealized gain on investments	Sub-Total	Endowments	Total	Total
Balance at beginning of year	\$ 2,209	\$ 20,618	\$ 41,654	\$ 7,639	\$ 72,120	\$ 10,000	\$ 82,120	\$ 69,896
(Deficiency) excess of revenue over expense	(14,310)	-	-	-	(14,310)	-	(14,310)	4,438
Capital assets purchased with internal funds	(13,405)	-	13,405	-	-	-	-	-
Amortization of internally funded capital assets	8,745	-	(8,745)	-	-	-	-	-
Net unrealized losses on available for sale financial assets arising during the year	-	-	-	(4,632)	(4,632)	-	(4,632)	(574)
Transfer of net realized (losses) on investments to revenue	-	-	-	(832)	(832)	-	(832)	(1,640)
Net book value of internally funded capital assets disposed	133	-	(133)	-	-	-	-	-
Transfer internally restricted net assets to unrestricted	20,618	(20,618)	-	-	-	-	-	-
Endowment contributions received	-	-	-	-	-	302	302	10,000
Balance at end of year	<u>\$ 3,990</u>	<u>\$ -</u>	<u>\$ 46,181</u>	<u>\$ 2,175</u>	<u>\$ 52,346</u>	<u>\$ 10,302</u>	<u>\$ 62,648</u>	<u>\$ 82,120</u>

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
For the year ended March 31, 2009
(in thousands)

	2009		2008
	Budget (Note 10)	Actual	Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (15,039)	\$ (14,310)	\$ 4,438
Non-cash transactions:			
Amortization (Schedule 1)	21,700	22,056	20,944
Amortized external capital contributions	(14,600)	(13,329)	(14,504)
Loss on disposal of capital equipment	-	103	607
Gain on disposal of investments	-	(816)	(1,640)
Changes in non-cash working capital account	(39,768)	28,045	16,698
Cash generated from (used by) operations	(47,707)	21,749	26,543
Investing activities:			
Purchase of investments	(12,000)	(16,513)	(17,573)
Purchase of capital assets:			
internally funded - equipment	(13,992)	(13,405)	(13,989)
internally funded - facility and improvements	-	-	-
externally funded - equipment	(17,333)	(11,365)	(6,648)
externally funded - facility and improvements	-	-	-
Proceeds on sale of investments	12,000	15,064	15,849
Proceeds on disposal of capital assets	-	45	6
Allocations to other assets	(35)	(103)	(47)
Transfer deferred contributions to capital	-	2,270	-
Transfer to Endowment	-	-	-
Allocations from non-current cash, cash equivalents and investments	29,605	23,941	5,136
Cash used by investing activities	(1,755)	(66)	(17,266)
Financing activities:			
Capital contributions received	5,000	7,628	7,742
Change in other liabilities	-	(440)	274
Deferred capital contributions transferred to operations	-	(310)	(263)
Cash generated from financing activities	5,000	6,878	7,753
Increase (decrease) in cash and equivalents	(44,462)	28,561	17,030
Cash and cash equivalents, beginning of year	81,954	77,762	60,732
Cash and cash equivalents, end of year	\$ 40,492	\$ 106,323	\$ 77,762

The accompanying notes and schedules are a part of these financial statements.

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009
(in thousands)

Note 1 Authority, Purpose and Operations

The Alberta Cancer Board (the "Board") was established in 1967 and now operates under the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000. Effective April 1, 2009, the Board will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 18).

The Board is exempt from payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The Board's operations include the following facilities and sites:

Cross Cancer Institute – Edmonton
Tom Baker Cancer Centre – Calgary
Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
Community Cancer Centers – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton Valley
Breast screening sites – Edmonton and Calgary - plus three mobile vans
Edmonton Radiopharmaceutical Centre – Edmonton
Southern Alberta Cancer Research Institute – Calgary

These financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation, the Cross Cancer Institute Volunteer Association, or private facilities providing health services in the province, except as disclosed in Note 15.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

- (1) These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements use the deferral method, key elements of which are:
 - (i) Unrestricted contributions are recognized as revenue in the year receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

- (ii) Externally restricted contributions are recognized as revenue in the year proportional to the related expenses incurred.

Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and then recognized as revenue in the period the related amortization expense of the capital asset is recorded.

- (iii) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (iv) Unrestricted investment income is recognized in the year earned.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Capital Disclosure

Effective April 1, 2008, the Board implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Board's objectives for managing capital are:

- In the short term to safeguard the board's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Board's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Board monitors its working capital and cash flow forecasts.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Board funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

(c) Full cost

The Board accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the region's fees and charges and as contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the region's health program costs.
- (iii) Fair value to use facilities not owned by the Board is recorded as other government contributions or donations, and as program expense, since the region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value to use non-acute care facilities not owned by the Board and provided to the region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services the Board would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Board has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Alberta Health Services (AHS) has approved an additional expense to transfer employees' service from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009 (Note 7).

The Board provides a defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The SERP is fully funded as the Board contributes to the Plan in quarter one of the next fiscal year an amount equal to the plan deficit, if any. At March 31, 2009, the Plan does not have a deficit.

The Board fully accrues its obligations for employee non-pension future benefits.

(c) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted of using the settlement date accounting.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Board has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Accounts payable	Other financial liabilities

The Board does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Board as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of Accounts Receivable and Accounts Payable approximate their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the board is not exposed to significant interest, current or credit risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Board adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (moving cost average) and net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and construction in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20-40 years
Parkade	30 years
Building service equipment	20 years
Equipment and Information Systems Equipment	5-20 years
Information Systems software and licenses	5 years

Construction in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(i) Research Grants

The Board awards grants to carry out cancer research to agencies that are successful applicants through the Board's Research Grant application process. Grants are awarded for projects ranging from one to three years in length. The Board records the full value of the grant awarded as an expense when it has been approved and when the agreement between the Board and the principal investigator has been executed.

(j) Measurement Uncertainty

These financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Significant management estimates include the amortization period of capital assets, the completeness of accrued liabilities, accounts receivable, allowance for doubtful accounts and economic assumptions related to the Supplemental Executive Retirement Plan. Actual results could differ from estimates.

Note 3 Cash, Cash Equivalents and Investments

	2009 (thousands of dollars)		2008 (thousands of dollars)	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	\$ 82,356	\$ 82,356	\$ 78,089	\$ 78,089
Money market securities	759	759	1,143	1,143
Fixed income securities:				
Canadian federal and provincial government bonds	7,269	6,791	7,291	6,572
Corporate bonds and debentures	13,510	14,531	14,580	14,848
Canadian equities	20,557	18,113	24,165	16,676
United States and foreign equities	224	250	209	250
Total current and non-current cash and investments	124,975	122,800	125,517	117,878
Classified as:				
Current	106,323	106,323	77,762	77,762
Non-current	18,652	16,477	47,755	40,116
Total cash, cash equivalents and investments	\$ 124,975	\$ 122,800	\$ 125,517	\$ 117,878

(i) The Consolidation Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2009 was 2.98% (March 31, 2008 - 4.81%). Included in cash, cash equivalents and investments is \$4,738 (2008 - \$327) related to capital and is considered non-current.

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 45% to 55% for fixed income securities and 45% to 55% for equities. Risk is reduced through diversification.

(iii) Fixed income securities have an average effective yield of 5.3% (2008 - 5.03%) per annum for securities maturing between 1 and 30 years. As at March 31, 2009, the securities have the following maturity structure:

Under 1 year	4%
1 to 5 years	37%
6 to 10 years	26%
Over 10 years	33%

(iv) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

(v) Included in cumulative net unrealized gain on investments of \$2,175 are unrealized losses of \$2,936.

Note 3 Cash, Cash Equivalents and Investments (continued)

Non-current cash and investments represent the following:

	2009	2008
	(thousands of dollars)	
Externally restricted for capital acquisitions (Note 6)	\$ 8,350	\$ 12,395
Internally restricted net assets (Note 8)	-	20,618
Unrestricted non-current investments	-	4,742
Endowments (Note 17)	10,302	10,000
	<u>\$ 18,652</u>	<u>\$ 47,755</u>

Note 4 Capital Assets

Capital Asset	Cost				
	Opening Balance April 1, 2008	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2009
	(thousands of dollars)				
Land	\$ 4,556	\$ -	\$ -	\$ -	\$ 4,556
Art	146	-	4	-	150
Buildings	94,804	13,447	5,751	-	114,002
Building service equipment	39,087	-	-	-	39,087
Parkade	5,507	-	-	-	5,507
Equipment excluding information systems	133,537	3,280	9,341	(1,266)	144,892
Information systems equipment	27,801	-	1,900	(157)	29,544
Construction in progress	13,575	(13,575)	140	-	140
Deposits on equipment	3,721	(3,211)	7,136	-	7,646
Information systems software and licenses	12,411	59	498	-	12,968
	<u>\$ 335,145</u>	<u>\$ -</u>	<u>\$ 24,770</u>	<u>\$ (1,423)</u>	<u>\$ 358,492</u>

Capital Asset	Accumulated Amortization				Net Book Value	
	Opening Balance April 1, 2008	Current year amortization	Amortization on disposals	Closing Balance March 31, 2009	2009	2008
	(thousands of dollars)				(thousands of dollars)	
Land	\$ -	-	-	\$ -	\$ 4,556	\$ 4,556
Art	-	-	-	-	150	146
Buildings	49,659	5,007	-	54,666	59,332	45,144
Building service equipment	29,400	1,649	-	31,049	8,038	9,687
Parkade	3,420	189	-	3,609	1,900	2,087
Equipment excluding information systems	76,351	10,724	(1,119)	85,959	58,933	57,164
Information Systems equipment	18,630	3,351	(156)	21,825	7,719	9,191
Construction in progress	-	-	-	-	140	13,575
Deposits on equipment	-	-	-	-	7,645	3,722
IS software and licenses	9,398	1,136	-	10,534	2,434	3,012
	<u>\$ 186,861</u>	<u>\$ 22,056</u>	<u>\$ (1,275)</u>	<u>\$ 207,642</u>	<u>\$ 150,848</u>	<u>\$ 148,284</u>

Note 4 Capital Assets (continued)

(a) Land and buildings

In July, 1989, the Board and the University of Alberta (the "University") jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of \$5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

Capital assets were funded from the following sources:

	2009	2008
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	\$ 104,667	\$ 106,630
Internally funded (investment in capital assets)	46,181	41,654
	<u>\$ 150,848</u>	<u>\$ 148,284</u>

Note 5 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Research	\$ 20,616	\$ 15,496
Programs and services	35,196	7,355
Capital projects and renovations	4,270	2,939
Clinical trials	3,602	3,841
Legacy fund program initiatives	5,110	18,798
	<u>\$ 68,794</u>	<u>\$ 48,429</u>

Note 6 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Equipment replacement	\$ 1,128	\$ 1,670
New construction	365	1,025
Information technology equipment and software	1,208	2,080
New equipment	5,649	7,620
	<u>\$ 8,350</u>	<u>\$ 12,395</u>

Note 7 Long-Term Employee Benefits**(a) Public Service Pension Plan (PSPP)**

The Board participates in the PSPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable \$8,644 for the year ended March 31, 2009 (2008 - \$7,799).

Alberta Health Services (AHS) has approved an additional expense to transfer employees' service from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009. The additional expense is estimated at \$5.3 Million and is recorded in the financial statements of East Central Health.

At December 31, 2008, the PSPP reported an actuarial deficit of \$1,187,538 (2007 - deficit \$92,509).

Note 7 Long-Term Employee Benefits (continued)**(b) Supplemental Executive Retirement Plan (SERP)**

	2009	2008
	(thousands of dollars)	
Accrued benefit obligation, beginning of year	\$ 3,498	\$ 2,586
Current service cost	328	434
Interest cost	200	157
Benefits paid	(24)	-
Actuarial (gain)/loss	(397)	321
Accrued benefit obligation, end of year	<u>3,605</u>	<u>3,498</u>
Funded status of plan surplus/(deficit)	170	(294)
Unamortized actuarial loss	455	705
Unamortized prior service costs	333	444
Accrued SERP asset	<u>958</u>	<u>855</u>
Current service cost	328	434
Interest cost	200	157
Amortization of prior service costs	111	111
Amortization of net actuarial loss	250	59
Expected return on plan assets	(96)	(73)
SERP expense	<u>\$ 793</u>	<u>\$ 688</u>
Assumptions at end of year		
Discount rate	6.2%	5.2%
Expected average remaining service life of employees	8 years	8 years
Salary scale increases	4%	4%

The above information is based on the annual actuarial valuation performed as of March 31, 2009. The Board's SERP is fully funded on an annual basis.

	2009	2008
Plan assets (held by trustee)		
Employer contributions	\$ 1,778	\$ 1,539
Actual return on plan assets	302	100
Taxes paid	(27)	(33)
Market value (less than) over cost	(290)	3
Fair value of assets - March 31, 2009	<u>1,763</u>	<u>1,609</u>
Fixed income	889	721
Common stocks	873	751
Cash on hand	<u>1</u>	<u>137</u>
Plan assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	\$ 1,985	\$ 1,562
Taxes paid on plan income	27	33
Total refundable taxes	<u>2,012</u>	<u>1,595</u>
Total plan assets	<u>3,775</u>	<u>3,204</u>
Funded status of plan - (surplus)/deficit	<u>\$ (170)</u>	<u>\$ 294</u>

Note 8 Accumulated Surplus

The Board's accumulated surplus comprises the following:

	2009	2008
	(thousands of dollars)	
Unrestricted net assets	\$ 3,990	\$ 2,209
Internally restricted net assets:		
Drug Reserve	-	7,200
Committed capital equipment replacement	-	7,193
Breast Centre, Prostate Centre and Clinical Reserves	-	3,500
Edmonton Radiopharmaceutical Centre	-	2,725
	-	20,618
	<u>\$ 3,990</u>	<u>\$ 22,827</u>

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

Note 9 Commitments and Contingencies**(a) Commitments:**

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

	(thousands of dollars)
2010	\$ 4,878
2011	4,815
2012	4,880
2013	4,957
2014	918
Thereafter	1,796
	<u>\$ 22,244</u>

The Board is also responsible for its portion of operating costs related to office and warehouse space.

(b) Contingencies:

The Board is a defendant in various lawsuits as of March 31, 2009. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2009.

Note 10 Budget

The budget was approved by the Board on May 6th, 2008 and submitted to the Minister of Health and Wellness.

Note 11 Alberta Health and Wellness Contributions

	2009	2008
	(thousands of dollars)	
Unrestricted contributions	\$ 294,186	\$ 277,533
Transfers from deferred contributions for:		
Legacy research	29,624	21,396
Renovations and repairs	3,573	834
Radiation therapy corridor project	1,412	-
Screening programs	1,181	4,462
Information systems programs	310	729
Telehealth program	214	104
	<u>\$ 330,500</u>	<u>\$ 305,058</u>

Note 12 Other Government Contributions

	2009	2008
	(thousands of dollars)	
Government of Canada	\$ 5,046	\$ 2,048
Alberta Government:		
Transition grant from East Central Health	1,878	-
EMS transition grant from East Central Health	608	-
Alberta Alcohol and Drug Abuse Commission	-	10
	<u>\$ 7,532</u>	<u>\$ 2,058</u>

Note 13 Ancillary Operations

	2009 (thousands of dollars)				2008 (thousands of dollars)			
	Direct		Amortization Expense	Excess (deficiency) of Revenue over Expense	Direct		Amortization Expense	Excess (deficiency) of Revenue over Expense
	Revenue	Expenses			Revenue	Expenses		
Parking operations	\$ 1,166	\$ 763	\$ 189	\$ 214	\$ 1,196	\$ 323		
Non-patient food services	1,593	1,651	12	(70)	1,431	(85)		
Edmonton Radiopharmaceutical Centre	5,189	4,828	42	319	4,517	(271)		
Total	\$ 7,948	\$ 7,242	\$ 243	\$ 463	\$ 7,144	\$ (33)		

Parking operations and Non-patient food services are reported in Support services on the statement of operations.
Edmonton Radiopharmaceutical Center is reported in Diagnostic and therapeutic services on the statement of operations.

Note 14 Investment and other income

	2009 (thousands of dollars)	2008 (thousands of dollars)
Investment income	\$ 2,255	\$ 5,963
Drug rebates and other recoveries	16,562	17,513
Calgary Health Region Bone Marrow Transplant Program	5,608	5,608
	<u>\$ 24,425</u>	<u>\$ 29,084</u>

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains/losses on disposal of investments.

Note 15 Related Parties

(a) Province of Alberta and Health Authorities

The Minister of Health and Wellness appoints members of the Board. The Board is economically dependent on the Ministry of Health and Wellness (the "Ministry") since the viability of its ongoing operations depends on contributions from the Ministry.

The Board has the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009 (thousands of dollars)				2008 (thousands of dollars)			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other Regional Health Authorities and Provincial Health Boards	\$ 12,516	\$ 27,785	\$ 4,479	\$ 5,859	\$ 7,166	\$ 31,419	\$ -	\$ 8,514
Health Quality Council of Alberta	-	104	-	103	-	1	-	-
Total	\$ 12,516	\$ 27,889	\$ 4,479	\$ 5,962	\$ 7,166	\$ 31,420	\$ -	\$ 8,514

(b) Foundations

Alberta Cancer Foundation

The Board controls the Alberta Cancer Foundation (the "Foundation") which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Canada Revenue Agency as a charitable foundation.

The Foundation is not consolidated in these financial statements. If the Board had consolidated the Foundation, using the modified equity method, the unrestricted operating results, and unrestricted net assets would have decreased by \$1,327 (2008 - increased \$2,824) and \$630 (2008 - \$3,209), respectively. Audited financial statements of the Foundation are available upon request.

Note 15 Related Parties (continued)

A financial summary of the Foundation as at March 31, 2009 and 2008 for the years then ended is as follows:

	2009	2008
	(thousands of dollars)	
Total assets	\$ 81,087	\$ 91,756
Total liabilities	1,951	1,066
Net Assets	<u>\$ 79,136</u>	<u>\$ 90,690</u>
Revenue	\$ 21,415	\$ 28,114
Expenses	21,367	25,073
Excess of revenue over expenses	<u>\$ 48</u>	<u>\$ 3,041</u>
Excess is comprised of:		
Restricted	\$ (1,339)	\$ 217
Unrestricted	1,387	2,824
	<u>\$ 48</u>	<u>\$ 3,041</u>

Contributions received by Board		Resources held by Foundation	
Year ended March 31,		at March 31, 2009	
2009	2008	Restricted	Unrestricted
(thousands of dollars)			
<u>\$ 15,563</u>	<u>\$ 20,371</u>	<u>\$ 78,507</u>	<u>\$ 629</u>

(i) At March 31, 2009 the Foundation owed to the Board \$787 which is included in Accounts Receivable (2008 - \$367 due to the Board).

(c) Other Related Parties

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association (the "Association") which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion in accordance with the Board's objectives.

Note 15 Related Parties (continued)

A financial summary of the Association as at March 31, 2009 and 2008 for the years then ended is as follows:

	2009	2008
	(Draft - unaudited)	(unaudited)
	(thousands of dollars)	
Total assets	\$ 492	\$ 615
Total liabilities	1	194
Net assets	<u>\$ 491</u>	<u>\$ 421</u>
Revenue	\$ 570	\$ 455
Expenses	589	416
Excess/(Deficiency) of revenue over expenses	<u>\$ (19)</u>	<u>\$ 39</u>

Note 16 Trust Funds

The Board receives funds in trust for conferences, etc. These amounts are not reported in the financial statements. During the year the Board received \$182 and disbursed \$237. The balance of funds held by the Board at March 31, 2009 is \$235 (2008 - \$289).

Note 17 Endowment

The Endowment is internally restricted and is designated for use as a Research Chair for the Director of the Alberta Cancer Research Institute (ACRI). The principal amount of \$10,000 is required to be maintained and all investment proceeds are available for use. Proceeds from the fund are to be used for the salary, infrastructure and operating grant support for the ACRI Directors Research. During the year, \$302 of investment proceeds were allocated to the ACRI Director Research Chair and none was spent.

Note 18 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Board but excluding East Central Health will be disestablished and all of the assets, liabilities, rights and obligations of these entities will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

Note 19 Transition and Restructuring Costs

As at March 31, 2009, the Board recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, retention payments, professional services, consulting expenses and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration.

	Severance Related Charges	Other Charges	Total
	(thousands of dollars)		
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts expensed	2,194	-	2,194
Amounts capitalized	-	-	-
Payments made during the year	(1,843)	-	(1,843)
Liability as at March 31, 2009	<u>\$ 351</u>	<u>\$ -</u>	<u>\$ 351</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Board has recorded a receivable from East Central Health for the transition costs incurred as described above.

Note 20 Comparative Figures

Certain 2008 figures have been reclassified to match their 2009 presentation.

Note 21 Approval of Financial Statements

These financial statements have been approved by the Board.

**ALBERTA CANCER BOARD
SCHEDULE OF EXPENSES BY OBJECT
For the year ended March 31, 2009
(in thousands)**

Schedule 1

	Budget (Note 12)	2009	2008
Salaries and benefits (Schedule 2)	\$ 168,804	\$ 159,189	\$ 137,590
Drugs and gases	104,828	98,596	100,201
Medical and surgical supplies	4,707	4,897	4,533
Other contracted services (a)	69,193	51,268	47,191
Referred out services	30,840	36,060	27,840
Supplies	26,738	16,629	25,430
Equipment and IT maintenance	6,953	9,015	6,299
Other (a)	28,803	47,434	27,689
Amortization:			
Capital equipment - internally funded	7,100	8,745	6,992
Capital equipment - externally funded	8,700	6,480	8,300
Facilities and improvements	5,900	6,831	5,652
	<u>\$ 462,566</u>	<u>\$ 445,144</u>	<u>\$ 397,717</u>

(a) Other Contracted services include the following:

	2009	2008
Medical purchased services	\$ 40,750	\$ 37,529
Other purchased services	179	333
Legal Fees	117	100
Other professional fees	10,222	9,229
	<u>\$ 51,268</u>	<u>\$ 47,191</u>

(b) Other includes the following:

	2009	2008
Travel and recruitment	\$ 4,393	\$ 4,313
Licence fees	1,587	672
Office rent	8,332	4,864
Land and building improvements	1,748	853
Major equipment	4,506	2,465
Grants	23,826	12,696
Other	3,042	1,826
	<u>\$ 47,434</u>	<u>\$ 27,689</u>

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2009

	2009					2008				
	Number of FTEs(1)	Base Salary (2)	Other Cash Benefits (3)	Other Non-Cash Benefits (4)	Sub Total	Number of FTEs(1)	Severance (5)	Total	Number of FTEs(1)	Total
Board Chair (10)										
Ken Hughes – AHS	0.88	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	-	\$ -
Gary Campbell	0.15	-	9	-	9	-	-	9	1.00	51
Board Members (88)										
Jack Ady – AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin – AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen – AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hobol – AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnert – AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis – AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben – AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje – AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie – AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford – AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot – AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini – AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel – AHS	0.33	-	-	-	-	-	-	-	-	-
Jean Agrios	0.15	-	2	-	2	-	-	2	1.00	2
Patricia Jones (to July 31, 2007)	-	-	-	-	-	-	-	-	0.30	1
Allan Hargreaves	0.15	-	2	-	2	-	-	2	1.00	1
Ron Hierath	0.15	-	1	-	1	-	-	1	1.00	4
Richard Melchin	0.15	-	1	-	1	-	-	1	1.00	2
Irene Nicolson	0.15	-	4	-	4	-	-	4	1.00	3
Mary O'Neill	0.15	-	1	-	1	-	-	1	1.00	2
Brian Rogers	0.15	-	2	-	2	-	-	2	1.00	3
Catherine Roozen	0.15	-	2	-	2	-	-	2	1.00	4
Bronwyn Shoush	0.15	-	2	-	2	-	-	2	1.00	1
	10.26	\$ -	\$ 26	\$ -	26	-	\$ -	\$ -	10.30	\$ 74

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2009

	2009						2008				
	Number of FTEs(1)	Base Salary (2)	Other Cash Benefits (3)	Other Cash Benefits (4)	Non-Cash Benefits (4)	Sub Total	Number of FTEs(1)	Severance (5)	Total	Number of FTEs(1)	Total
Board Direct Reports (6)											
President and Chief Executive Officer - AHS (d1)	0.02	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	-	\$ -
Interim Chief Executive Officer - AHS (11)	0.85	-	-	-	-	-	-	-	-	-	-
Chief Executive Officer (9)(11)(12)	0.27	140	35	45	220	220	1.00	1,843	2,063	1.00	712
CEO Direct Reports (7)											
Interim Chief Operating Officer, Health Strategies Research & Design - AHS (6)(12)	1.00	324	-	70	394	394	1.00	351	745	1.00	366
Vice President Cross Cancer Institute	1.00	223	-	105	328	328	-	-	328	1.00	311
Vice President Medical Affairs & Community Oncology	1.00	305	-	134	439	439	-	-	439	1.00	395
Associate Vice President and CIO	0.53	215	-	69	284	284	-	-	284	-	-
Vice President Population, Health & Information	-	-	-	35	35	35	-	-	35	1.00	473
Vice President Tom Baker Cancer Clinic	1.00	429	-	93	522	522	-	-	522	1.00	490
Vice President Research	0.60	149	-	1	150	150	-	-	150	0.60	137
Total Board and Executive	16.53	1,785	61	552	2,398	2,398	2.00	2,194	4,592	16.90	2,958
Management reporting to CEO Direct Reports	28.93	3,641	36	504	4,181	4,181	1.00	137	4,318	36.00	4,207
Other management	388.02	29,390	411	4,622	34,423	34,423	3.00	135	34,558	337.20	27,757
Medical Doctors	22.90	6,651	23	715	7,389	7,389	2.00	219	7,608	21.90	6,543
Regulated nurses:											
- RNs, RPNs, Grad nurses	287.55	23,469	1,355	4,227	29,051	29,051	-	-	29,051	263.80	27,150
- LPNs	5.32	277	14	54	345	345	-	-	345	5.50	239
Other health technical & professionals	487.98	38,547	2,074	6,506	47,127	47,127	1.00	63	47,190	460.20	43,685
Unregulated health service providers	-	-	-	-	-	-	-	-	-	-	-
Other staff	592.74	26,501	902	4,655	32,058	32,058	2.00	7	32,065	528.70	25,547
Grand Total	1,829.97	\$ 130,261	\$ 4,877	\$ 21,835	\$ 156,972	\$ 156,972	11.00	\$ 2,755	\$ 159,727	1,670.20	\$ 138,086

**ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2009**

Schedule 2 (continued)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each employee. Total actual discrete number of individuals employed: 2,902 (2008 - 2,251). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
- Employer's current and prior service cost of the Supplemental Executive Retirement Plan reported in note 13 below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and:
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay and travel allowances.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (7) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- (8) On July 8, 2008, the VP Operations of the Board was appointed the Interim Chief Operating Officer, Health Strategies Research & Design - Alberta Health Services. Salaries and benefits are reported in the accounts of the Board.
- (9) Automobile provided. No dollar amount included in other non-cash benefits.
- (10) On May 15, 2008, the Board's board, along with the other regional health authority boards, was replaced by the AHS interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (11) On July 8, 2008 the Board's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (12) The Chief Executive Officer of the ACB and the Interim Chief Operating Officer, Health Strategies Research & Design - AHS have not made an election regarding their Supplemental Executive Retirement Plan pension income arrangement.

**ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2009**

Schedule 2 (continued)

(13) Supplemental Executive Retirement Plan (SERP)

Under the terms of the Supplemental Executive Retirement Plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFIT

	2009			2008
	Current Service Cost	Prior Service and Other Costs	Total	Total
Chief Executive Officer	\$ 25	\$ 309	\$ 334	\$ 190
Interim Chief Operating Officer, Health Strategies Research & Design - AHS	42	11	53	46
Vice President Tom Baker Cancer Centre	66	5	71	59
Vice President Cross Cancer Institute	70	35	105	92
Associate Vice President and CIO	56	3	59	-
Vice President Medical Affairs and Community Oncology	70	64	134	118
Other	-	37	37	183
	<u>\$ 329</u>	<u>\$ 464</u>	<u>\$ 793</u>	<u>\$ 688</u>

The accrued obligation for each member under the SERP is outlined in the following table:

	Accrued Obligation March 31, 2008	Changes in Accrued Obligation	Accrued Obligation March 31, 2009
Chief Executive Officer	\$ 1,587	\$ 87	\$ 1,674
Interim Chief Operating Officer, Health Strategies Research & Design - AHS	194	16	210
Vice President Tom Baker Cancer Centre	94	44	138
Vice President Cross Cancer Institute	391	44	435
Associate Vice President and CIO	26	41	67
Vice President Medical Affairs and Community Oncology	609	(113)	596
Other	597	(112)	485
	<u>\$ 3,498</u>	<u>\$ 107</u>	<u>\$ 3,605</u>

(14) Total Staff Compensation:

	2009	2008
	(in thousands of dollars)	
Salaries and Benefits (Schedule 1)	\$ 159,189	\$ 137,590
Legal fees related to severance	10	-
Other Contracted Services	528	496
	<u>\$ 159,727</u>	<u>\$ 138,086</u>

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2009

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 – Schedule of Expenses by Object
Schedule 2 – Schedule of Salaries and Benefits
Schedule 3 – Schedule of Contract Service Operators

ALBERTA MENTAL HEALTH BOARD
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2009

The accompanying financial statements are the responsibility of management and have been approved by Senior Management of the Alberta Mental Health Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Alberta Mental Health Board has also established a code of conduct that applies to all employees.

Alberta Mental Health Board members carry out its responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Board of Alberta Health Services for approval upon finalization of the audit. The Auditor General of Alberta has full and free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows him to report on the fairness of the financial statements prepared by management.

"Original signed by
Dr. Stephen Duckett"

*President and
Chief Executive Officer*

"Original signed by
Chris Mazurkewich"

*Chief Financial Officer,
Alberta Health Services*

"Original signed by
Todd Schirrer"

*Chief Financial Officer,
Alberta Mental Health Board*

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the Board) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

ALBERTA MENTAL HEALTH BOARD STATEMENT OF FINANCIAL POSITION

March 31, 2009
(thousands of dollars)

	2009	2008
ASSETS		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 37,235	\$ 14,259
Accounts receivable (Note 18)	1,659	3,374
Contributions receivable from Alberta Health and Wellness	48	71,010
Inventories	159	157
Prepaid expenses	917	1,013
	<u>40,018</u>	<u>89,813</u>
Non-current cash, cash equivalents and investments (Note 3)	79,324	27,089
Capital assets (Note 4)	589	878
Other assets (Note 5 and 18)	98	1,476
TOTAL ASSETS	\$ 120,029	\$ 119,256
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 3,589	\$ 4,194
Accrued vacation pay	261	288
Deferred contributions (Note 6)	28,240	17,061
	<u>32,090</u>	<u>21,543</u>
Deferred contributions (Note 6)	79,546	83,735
Long-term employee benefit (Note 7)	38	14
Unamortized external capital contributions	-	3
	<u>111,674</u>	<u>105,295</u>
Net assets:		
Unrestricted (Note 8)	10,482	2,781
Internally restricted (Note 8)	-	9,925
Cumulative net unrealized (losses) gains on investments	(2,716)	380
Accumulated surplus	7,766	13,086
Investment in capital assets	589	875
	<u>8,355</u>	<u>13,961</u>
Commitments (Note 9)		
TOTAL LIABILITIES AND NET ASSETS	\$ 120,029	\$ 119,256

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
Year Ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget	Actual	Actual
	(Note 10)		
Revenues			
Alberta Health and Wellness contributions (Note 11)	\$ 84,267	\$ 70,826	\$ 62,066
Other government contributions (Note 12)	615	2,710	211
Donations	25	30	27
Investment and other income (Note 13)	1,932	203	1,248
Amortized external capital contributions	3	3	15
TOTAL REVENUES	86,842	73,772	63,567
Expenses (Schedule 1)			
Inpatient acute nursing services	18,675	18,631	16,296
Emergency and outpatient services	8,111	8,113	6,883
Community-based care	13,369	6,051	5,708
Diagnostic and therapeutic services	13,578	11,705	9,506
Promotion, prevention and protection services	15,192	12,086	6,922
Research and education	2,080	1,697	1,617
Administration (Note 14)	7,757	7,543	5,802
Information technology	714	706	698
Support services (Note 15)	9,699	9,666	8,530
Amortization of facilities and improvements	84	84	64
TOTAL EXPENSES	89,259	76,282	62,026
(Deficiency) excess of revenues over expenses	\$ (2,417)	\$ (2,510)	\$ 1,541

The accompanying notes and schedules are part of these financial statements.

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STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31, 2009

(thousands of dollars)

	2009					2008
	Unrestricted	Internally Restricted	Investment in capital assets	Cumulative net unrealized gains/(losses) on investments	Total	Total
	(Note 8)					
Balance at April 1, 2008	\$ 2,781	\$ 9,925	\$ 875	\$ 380	\$ 13,961	\$ 12,117
(Deficiency) excess of revenues over expenses	(2,510)	-	-	-	(2,510)	1,541
Capital assets purchased with internal funds	(36)	-	36	-	-	-
Disposal of capital assets	82	-	(82)	-	-	-
Amortization of internally funded capital assets	240	-	(240)	-	-	-
Cumulative net unrealized gains/(losses) on investments						
- Unrealized gains and losses on available for sale financial assets arising during the year	-	-	-	(4,008)	(4,008)	312
- Reclassification adjustments for gains and losses included in (deficiency) excess of revenues over expenses	-	-	-	912	912	(9)
Transfer of internally restricted to unrestricted	9,925	(9,925)	-	-	-	-
Balance at end of year	<u>\$ 10,482</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ (2,716)</u>	<u>\$ 8,355</u>	<u>\$ 13,961</u>

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
Year Ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenues over expenses	\$ (2,417)	(2,510)	\$ 1,541
Non-cash transactions:			
Amortization (Schedule 1)	243	243	238
Amortized external capital contributions	(3)	(3)	(15)
Loss on disposal of capital assets	-	70	-
Loss (gain) on disposal of non-current investments	-	912	(10)
Interest accrued on non-current investments	(580)	(1,049)	(769)
Changes in non-cash working capital account	75,178	72,140	(57,079)
Change in deferred contributions	2,695	6,990	75,846
Change in other assets	350	1,378	(1,476)
Change in long-term employee benefits	159	24	14
Cash generated from operations	75,625	78,195	18,290
Investing activities:			
Purchase of non-current investments	(62,520)	(37,577)	(12,998)
Purchase of capital assets:			
internally funded - equipment	(327)	(36)	(284)
Proceeds on sale of capital assets	-	12	-
Proceeds on sale of non-current investments	-	22,654	1,473
Allocations from (to) non-current cash and investments	1,485	(41,332)	(1,485)
Interest received on non-current investments	1,454	1,060	727
Cash used by investing activities	(59,908)	(55,219)	(12,567)
Increase in cash, cash equivalents and investments	15,717	22,976	5,723
Cash, cash equivalents and investments, beginning of year	14,259	14,259	8,536
Cash, cash equivalents and investments, end of year	\$ 29,976	\$ 37,235	\$ 14,259

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

Note 1 Alberta Mental Health Board, Purpose and Operations

The Alberta Mental Health Board ("the Board") is a provincial health board established on April 1, 1999 by *Alberta Regulation 84/99* (AR84/99). The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act. Effective April 1, 2009, the Board will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 17).

The Board receives its mandate from and reports to the Minister of Alberta Health and Wellness. In its role of advancing mental health for Alberta, the Board is involved in numerous initiatives, including advocacy, policy advice, working with the regional health authorities ("RHAs") and stakeholders in the implementation of the Provincial Mental Health Plan, and collaborating with inter-provincial, national and international partners.

In fulfilling its mandate, the Board advances a significant portion of its budget to the Regions and other contract service operators.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health & Wellness' Financial Directive 34.

(2) These financial statements are prepared using the deferral method, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.
- (iv) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are

Note 2 Significant Accounting Policies and Reporting Practices (continued)

incurred. Other unrestricted investment income is recognized as revenue when earned.

- (v) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.
- (vi) Revenues from sales of goods and services are recorded in the period that goods are delivered or services are provided.

(b) Capital Disclosure

Effective April 1, 2008, the Board implemented new capital disclosure requirements per section 1535 of the Canadian Institute of Chartered Accountants (CICA) Handbook. The Board for operating purposes defines capital as including working capital, unrestricted net assets and internally restricted net assets; and for capital purposes defines capital as including deferred capital contributions, internally restricted net assets, unamortized external capital contributions and investments in capital assets.

The Board's objectives for managing capital are:

- (i) In the short term to safeguard the Board's financial ability to continue to deliver health services, and
- (ii) In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Board's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The board monitors its working capital and cash flow forecasts.

(c) Full Cost

The Board accounts for all costs for which it is responsible. Fair value transactions recorded comprise:

- (i) Fair value to use non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expense.
- (ii) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits

- (i) The Board participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting. Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plan's deficit or surplus.
- (ii) The Board provides a defined benefit Supplementary Retirement Plan to the previous President & Chief Executive Officer. Effective April 1, 2008, the Vice-Presidents were added to the Plan. The cost of this benefit is actuarially determined on an annual basis as at March 31st using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Supplementary Retirement Plan is unfunded.

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2 (f).

Current investments include marketable securities with original maturities of less than one year. Non-current investments include bonds and equities. All investments are classified as available-for-sale and measured as disclosed in note 2(f). The fair value of an investment on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using the valuation techniques which refer to observable market data using the specific identification method. The fair value of investments is disclosed in Note 3.

Discounts or premiums arising on purchase of bonds are amortized using the effective interest rate method. On disposal of an investment, the cumulative gain or loss recorded in net assets is recognized in the excess (deficiency) of revenues over expenses.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and is subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics.

The Board classified its financial instruments as follows:

Instrument	Designation
Cash, Cash Equivalents and Investments	Available-for-sale
Accounts Receivable	Loans and Receivables
Contributions Receivable	Loans and Receivables
Accounts Payable and Accrued Liabilities	Other Liabilities
Accrued Vacation Pay	Other Liabilities

Financial assets classified as "available-for-sale" are remeasured at fair value each period. Changes in fair value are reported as a component of net assets until the financial asset is disposed of or becomes impaired, at which time the cumulative gain or loss is recognized in the excess (deficiency) of revenues over expenses.

Financial assets and financial liabilities classified as "loans and receivables" and "other liabilities" are subsequently measured at amortized cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. All transactions costs are expensed as incurred.

The trade date is the date that an entity commits to purchase or sell an asset. The settlement date is the date that an asset is delivered to or by an entity. Where the trade date and settlement date differ for a financial asset, settlement-date accounting is applied. Any change in the fair value of the asset between the trade date and settlement date is accounted for in the same way as the acquired asset.

When it is determined that an impairment of a financial investment classified as available-for-sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying values of current cash, cash equivalents, account receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximate their fair values due to the short-term nature of these items. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

The carrying values of the Board's investments in money markets and bonds exceed their fair values. The cumulative amount that the Board's investments in equities at fair value that have been below their carrying values, are not in management's opinion an other than

Note 2 Significant Accounting Policies and Reporting Practices (continued)

temporary impairment of its financial instruments. Management's analysis of the expected use of funds within these instruments does not indicate that the funds would be required in the current period. This analysis indicates that a significant portion is not expected to be required within the next two years and can be carried over the next three to four years. It is thereby management's opinion that these investments are likely to recover prior to the use of these funds and therefore considered to be temporarily impaired.

The Board does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges. The Board as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts as these would be limited or none.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Board adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

(h) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed on acquisition. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Furniture, equipment and vehicle (collectively "Equipment")	5-15 years
Information technology	5 years
Leasehold improvements	3 - 5 years

Work in progress is not amortized until the project is complete.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. In particular, the following estimates are subject to material measurement uncertainty:

- (i) The classification of cash, cash equivalents and investments as current and non-current is based on estimates of the cash and investments for which the benefit is expected to be realized in the next fiscal year.
- (ii) The classification of unused funding to Regions for the forensic psychiatry program as a prepaid expense and other asset is based on estimates of the portion of the unused funding that will be expensed in the next fiscal year.
- (iii) The classification of deferred contributions as current and non-current is based on estimates of the revenue to be recognized in the next fiscal year for externally restricted non-capital contributions.

Actual results could differ from these estimates.

Note 3 Cash, Cash Equivalents, and Investments

	2009		2008	
	(thousands of dollars)			
	Fair Value	Cost ⁽¹⁾	Fair Value	Cost ⁽¹⁾
Cash and Cash Equivalents	\$ 56,529	\$ 56,529	\$ 544	\$ 544
Money Market Securities	23,524	23,517	15,199	15,196
Bonds	27,796	27,515	19,952	19,269
Equities	8,710	11,714	5,653	5,959
Total	<u>\$ 116,559</u>	<u>\$ 119,275</u>	<u>\$ 41,348</u>	<u>\$ 40,968</u>
Classified as:				
Current	\$ 37,235		\$ 14,259	
Non-current	79,324		27,089	
Total Cash, Cash Equivalents and Investments	<u>\$ 116,559</u>		<u>\$ 41,348</u>	

⁽¹⁾Cost includes the accumulated amortization of discount or premium on fixed income securities.

Note 3 Cash, Cash Equivalents, and Investments (continued)

(a) Income and financial returns on cash, cash equivalents and investments are exposed to credit and price risks:

- (i) Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract.
- (ii) Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investment will change in value due to future fluctuations in market prices.

On March 14, 2008, the Board approved a new asset mix policy of 15% to 100% for cash and cash equivalents, 0% to 85% for fixed income instruments and 0% to 40% for equities.

Risk is further managed through asset class diversification, diversification within each asset class, and quality constraints on fixed-income and equity instruments.

(b) Money market securities include Government of Canada treasury bills maturing between three to seventy-three days and bear interest at an average effective yield of 0.53% per annum (2008 – 4.25%). Such financial instruments are limited to a rating of R-1 or A-1, or higher.

(c) Bonds are managed with the objective of providing optimal returns while maintaining maximum security of capital and meeting the liquidity requirements and obligations of the Board. Return is optimized within risk constraints on the portfolio by management of portfolio duration, issuer mix and quality. A maximum exposure of 10% of the bond portfolio has a rating of BBB and the remaining portfolio has a rating of A or higher.

The bonds have an average effective yield of 4.19 % per annum (2008 – 4.36%) and have the following maturity structure as at March 31, 2009:

1 – 5 years	38.8 % (2008 – 44.8%)
5 – 10 years	32.8 % (2008 – 28.3%)
Over 10 years	28.4 % (2008 – 26.9%)

(d) Equities are comprised of units in a pooled equity portfolio that includes publicly traded securities in a major stock market. Risk is reduced by prudent security selection and sector rotation.

Note 3 Cash, Cash Equivalents, and Investments (continued)

	2009	2008
	(thousands of dollars)	
Non-current cash, cash equivalents and investments represent the following:		
Externally restricted for operating purposes	\$ 79,324	\$ 15,244
Internally restricted for capital purposes	-	900
Internally restricted for operating purposes	-	6,857
Unrestricted cash and investments not held for current purposes	-	4,088
	<u>\$ 79,324</u>	<u>\$ 27,089</u>

Note 4 Capital Assets

Cost (thousands of dollars)				
Capital Asset	Opening Balance April 1-2008	Additions	Disposals	Closing Balance March-31-2009
Equipment	\$ 253	\$ 24	\$ 78	\$ 199
Information Technology	604	12	105	511
Leasehold Improvements	352	-	-	352
Work in Progress	-	-	-	-
	<u>\$ 1,209</u>	<u>\$ 36</u>	<u>\$ 183</u>	<u>\$ 1,062</u>

Accumulated Amortization (thousands of dollars)				Net Book Value 2009	Net Book Value 2008
Opening Balance April 1-2008	Current year amortization	Amortization on Disposals	Closing Balance March-31-2009		
\$ 92	\$ 46	\$ 47	\$ 91	\$ 108	\$ 161
170	113	54	229	282	434
69	84	-	153	199	283
-	-	-	-	-	-
\$ 331	\$ 243	\$ 101	\$ 473	\$ 589	\$ 878

Note 4 Capital Assets (continued)

Capital assets were funded from the following sources:

	2009	2008
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	\$ -	\$ 3
Internally funded (invested in capital assets)	<u>589</u>	<u>875</u>
	<u>\$ 589</u>	<u>\$ 878</u>

Note 5 Other Assets

The Alberta Mental Health Board contracts with the Regions for the provision of forensic psychiatry services. The agreements included provisions whereby any surplus funding from the Board in a given fiscal year is subject to certain terms and conditions. Depending on the agreement, the Board may have a claim to the unused funding either immediately or one to three fiscal years following the fiscal year in which the surplus arises. Where the Board has an immediate claim to the unused funding, the Board may either offset the funding against future funding instalments to the Regions or approve the funding for incremental operating or capital expenditures benefiting the forensic psychiatry program. Where the Board has a claim to the unused funding one to three fiscal years following the fiscal year in which the surplus arises, the Regions may use the unused funding during that period for incremental operating or capital expenditures benefiting the forensic psychiatry program.

The March 31, 2008 non-current balance of \$1,476,000 was related to unused funding for forensic psychiatry services. During the 2009 fiscal year the Regions were approved by the Alberta Mental Health Board to expend these funds for incremental expenditures to benefit the forensic psychiatry programs. These funds were fully utilized in the 2009 fiscal year.

The March 31, 2009 non-current balance of \$98,000 is related to the Unfunded Supplemental Retirement Plan, see Note 18.

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Current		
Child and Youth Mental Health Plan	\$ 11,595	\$ -
Childrens Mental Health Projects	12,793	10,506
Community Treatment Orders	1,292	3,866
Mental Health Innovation Projects	74	963
Special Mental Health Initiatives	487	594
Aboriginal Youth Suicide Prevention Strategy	105	538
Alberta Centennial Mental Health Research Chairs Program	322	250
Telemental Health	244	211
Information Security Compliance	129	73
Seniors and Community Supports	983	45
Mental Health First Aid - PCN	216	15
	<u>28,240</u>	<u>17,061</u>
Non-Current		
Child and Youth Mental Health Plan	38,964	50,750
Childrens Mental Health Projects	18,467	12,347
Assertive Community Treatment Framework	-	9,000
Community Treatment Orders	15,606	3,881
Alberta Centennial Mental Health Research Chairs Program	3,067	3,116
Seniors and Community Supports	1,988	2,955
Special Mental Health Initiatives	1,430	1,406
Mental Health Innovation Projects	22	173
Information Security Compliance	-	107
Telemental Health	2	-
	<u>79,546</u>	<u>83,735</u>
	<u>\$ 107,786</u>	<u>\$ 100,796</u>

Note 7 Long-Term Employee Benefits**(a) Supplementary Retirement Plan (SRP)**

	2009	2008
	(thousands of dollars)	
Accrued benefit obligation		
Accrued obligation, beginning of year	\$ 208	\$ -
Current service cost	64	6
Interest cost	16	2
Past service cost	186	200
Actuarial gain	(32)	-
Settlement gain	(101)	-
Benefit payments	(243)	-
Accrued obligation, end of year	<u>\$ 98</u>	<u>\$ 208</u>
Reconciliation of funded status to accrued benefit liability		
Funded status of plan (deficit)	(98)	(208)
Unamortized prior service costs	60	194
Accrued benefit liability	<u>\$ (38)</u>	<u>\$ (14)</u>
SRP pension expense		
Current service cost	64	6
Interest cost	16	2
Amortization of prior service costs	48	6
Amortization of actuarial gain	(32)	-
Settlement gain	(101)	-
Curtailment loss	272	-
Benefit cost	<u>\$ 267</u>	<u>\$ 14</u>

Significant actuarial assumptions are as follows:

Discount rate	8.8%	5.5%
Expected average remaining service life of employee	5 years	5 years
Salary increase	5.0%	5.0%

The Supplementary Retirement Plan is unfunded.

(b) Local Authorities Pension Plan (LAPP)

The Board participates in the LAPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of \$394,700 for the year ended March 31, 2009 (2008 - \$321,000). At December 31, 2008, the LAPP reported a deficiency of \$4,413,971,000 (2007 deficiency - \$1,183,334,000).

(c) Pension Expense

The pension expense reported in the Statement of Operations for the SRP is \$267,350 and LAPP is \$394,700, for an aggregate pension expense of \$662,050 (2008- \$335,000).

Note 8 Accumulated Surplus

The Board's accumulated surplus comprises the following:

	2009	2008
	(thousands of dollars)	(thousands of dollars)
Unrestricted net assets	\$ 10,482	\$ 2,781
Internally restricted net assets		
Research	-	3,803
Forensic Psychiatry Program	-	2,326
Board Priorities	-	2,000
Future capital expenditures	-	900
Mental Health Capacity Building for Children and Families	-	630
Provincial Mental Health Plan	-	266
	<u>9,925</u>	<u>9,925</u>
	<u>\$ 10,482</u>	<u>\$ 12,706</u>

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

Note 9 Commitments**(a) Leases**

The Board is contractually committed to future operating lease payments until 2012 as follows:

For the year ended March 31	(thousands of dollars)
2010	\$909
2011	835
2012	359

(b) Contract Service Operators

The Alberta Mental Health Board contracts on an ongoing basis and for externally restricted initiatives with contract service operators to provide various services in the mandate of the Board (Schedule 3). As measured by percentage of total expenses, the Board has contracted or anticipates to contract for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

Note 10 Budget

The budget was prepared and approved by senior management of the Alberta Mental Health Board and submitted to the Minister of Health and Wellness on May 27, 2008.

Note 11 Alberta Health and Wellness Contributions

	2009	2008
	(thousands of dollars)	(thousands of dollars)
Unrestricted contributions	\$ 61,363	\$ 58,339
Transfers from deferred contributions	9,433	3,727
Other	30	-
	<u>\$ 70,826</u>	<u>\$ 62,066</u>

Note 12 Other Government Contributions

	2009	2008
	(thousands of dollars)	(thousands of dollars)
Alberta Government		
Transition grant from East Central Health (Note 18)	\$ 1,630	\$ -
Transfers from deferred contributions	905	95
Other	175	116
	<u>\$ 2,710</u>	<u>\$ 211</u>

Note 13 Investment and other income

	2009	2008
	(thousands of dollars)	(thousands of dollars)
Investment (loss) income	\$ (803)	\$ 418
Sales and recoveries	567	236
Registration fees and sponsorships	435	548
Other income	4	46
	<u>\$ 203</u>	<u>\$ 1,248</u>

Net investment loss is comprised of realized losses on disposal of investments, which are partially offset by interest earnings. Sales and recoveries relate to distributions of educational and promotional materials. Registration fees and sponsorships relate to conferences and courses conducted by the Board.

Sales and recoveries includes \$3,000 from Ministries of the Province (2008 - \$5,000). Registration fees and sponsorship includes \$80,000 from Ministries of the Province (2008 - \$80,000).

Note 14 Administration

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
General administration ⁽¹⁾	\$ 5,812	\$ 4,341
Administration - contract service operators (Schedule 3) ⁽²⁾	1,402	1,217
Finance	263	243
Human resources	66	1
	<u>\$ 7,543</u>	<u>\$ 5,802</u>

⁽¹⁾General administration includes costs relating to the following types of activities that do not meet the criteria for inclusion in other expense categories:

- Promoting and supporting implementation of the Made-in-Alberta approach outlined in the Provincial Mental Health Plan, *Advancing the Mental Health Agenda (April 2004)*;
- Bringing a provincial perspective to programming and support for regional mental health service delivery;
- Strengthening advocacy and consumer support;
- Advising on policy; and
- Collaborating with inter-provincial, national and international partners.

⁽²⁾The cost of contracted services is allocated to the appropriate expense categories as if the Alberta Mental Health Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

Note 15 Support Services

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Support services - contract service operators (Schedule 3) ⁽¹⁾	\$ 8,436	\$ 7,751
Building maintenance and operations	1,230	779
	<u>\$ 9,666</u>	<u>\$ 8,530</u>

⁽¹⁾The cost of contracted services is allocated to the appropriate expense categories as if the Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

Note 16 Related Parties

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

Transactions between the Board and Ministries of the Province are disclosed in the Statement of Operations and in Notes 11, 12 and 13 and Schedule I to the financial statements. As at March 31, 2009, \$8,000 is payable to other Ministries of the Province (2008 - \$3,000).

The Board had the following balances and transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

	<u>Receivable from:</u>		<u>Payable to:</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(thousands of dollars)			
Other Regional Health Authorities and Provincial Health Boards ⁽¹⁾	\$ 1,672	\$ 216	\$ 1,039	\$ 1,473
School Boards & Schools	-	-	3,069	1,151
University of Alberta	4	1	50	-
	<u>\$ 1,676</u>	<u>\$ 217</u>	<u>\$ 4,158</u>	<u>\$ 2,624</u>
	<u>Revenue</u>		<u>Expenses</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(thousands of dollars)			
Other Regional Health Authorities and Provincial Health Boards ⁽¹⁾	\$ 1,839	\$ 211	\$ 52,304	\$ 45,879
School Boards & Schools	-	-	8,061	2,293
University of Alberta	4	-	152	57
Carowest	-	-	-	32
	<u>\$ 1,843</u>	<u>\$ 211</u>	<u>\$ 60,517</u>	<u>\$ 48,261</u>

⁽¹⁾The receivable includes \$1,630,000 receivable from East Central Health in respect of transition costs covered by an externally restricted grant. The payable includes \$50,400 in respect of third party costs paid on behalf of the Board for which the Region will be reimbursed. In addition to the receivable and payable balances there were \$515,400 prepaid expenses (2008 - \$535,000) in the Statement of Financial Position.

Note 16 Related Parties (continued)**(b) Other Contract Service Operators**

The Board has an economic interest through its contracts with other service operators for mental health justice initiatives and mental health promotion and prevention services in the Province. Details are presented in Schedule 3.

Note 17 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of the health service delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission (AADAC). On April 1, 2009 pursuant to the Health Government Transition Act & Regulation 286/94, the Alberta Mental Health Board will be disestablished and all assets and liabilities, rights and obligations of the Board will be assumed by East Central Health Region whose name will change to Alberta Health Services.

Note 18 Transition Costs

As at March 31, 2009, the Board recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, professional services, consulting expenses and other applicable transition expenses. In the Consolidated Statement of Operations, these charges are included in Administration, Support Services and Information Technology.

	Severance Related Charges	Other Charges (thousands of dollars)	Total
Payable as at March 31, 2008	\$ -	\$ -	\$ -
Amounts expensed	988	301	1,289
Amounts capitalized	-	-	-
Payments made during the year	-	-	-
Payable as at March 31, 2009	\$ 988	\$ 301	\$ 1,289
Unfunded Supplementary Retirement Plan	\$ -	\$ 341	\$ 341

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Board has recorded a receivable of \$1,630,000 from East Central Health for the transition costs incurred as described above.

Unfunded SRP – The transition grant restrictions include payments for the unfunded status of the Board's Supplemental Retirement Plan. The Board has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year. The Board has also recorded a current receivable from East Central Health for the amount of any Supplementary Retirement Plan lump sum payments during the year as a part of a termination package.

Note 19 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 20 Approval of Financial Statements

These financial statements have been approved by the Alberta Health Services Board.

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
Year Ended March 31, 2009
(thousands of dollars)

Schedule 1

	2009		2008
	Budget	Actual	Actual
Salaries and Benefits (Schedule 2)	\$ 7,991	\$ 7,531	\$ 5,540
Contracts with health service providers (Schedule 3)	73,029	63,026	50,381
Other contracted services	3,484	2,033	2,377
Other expenses ⁽¹⁾	4,512	3,379	3,490
Amortization of capital equipment:			
- internally funded	240	240	223
- externally funded	3	3	15
Loss on disposal of capital equipment	-	70	-
	<u>\$ 89,259</u>	<u>\$ 76,282</u>	<u>\$ 62,026</u>
⁽¹⁾ Other expenses:			
Promotion, prevention, and educational materials	1,114	488	603
Facility rent ⁽²⁾	1,076	1,223	789
Travel	857	584	742
Miscellaneous	1,465	1,084	1,356
	<u>\$ 4,512</u>	<u>\$ 3,379</u>	<u>\$ 3,490</u>

⁽²⁾ The 2009 fiscal year includes office lease costs of \$82,000 paid to Alberta Infrastructure and Transportation under the terms of the lease agreement (2008 - \$91,000).

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**ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)**

Schedule 2

	2009							2008	
	Number of FTEs ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(f)}	Sub Total	Severance ^(e) Number of Individuals Amount		Total	Number of FTEs ^(a) Total
Board Chair ^(g)									
Hughes, Ken - AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	- \$ -
Ference, Jean (Dr.)	0.12	-	5	-	5	-	-	5	1 15
Board Members ^(g)									
Ady, Jack - AHS	0.88	-	-	-	-	-	-	-	- -
Crevolin, Pierre - AHS	0.21	-	-	-	-	-	-	-	- -
Roozen, Cathy - AHS	0.63	-	-	-	-	-	-	-	- -
Hohol, Linda - AHS	0.88	-	-	-	-	-	-	-	- -
Lehners, John - AHS	0.88	-	-	-	-	-	-	-	- -
Lewis, Irene - AHS	0.88	-	-	-	-	-	-	-	- -
Sielen, Don - AHS	0.88	-	-	-	-	-	-	-	- -
Andreachuk, Lori - AHS	0.33	-	-	-	-	-	-	-	- -
Bontje, Gord - AHS	0.33	-	-	-	-	-	-	-	- -
Bougie, Teri Lynn - AHS	0.33	-	-	-	-	-	-	-	- -
Clifford, Jim - AHS	0.33	-	-	-	-	-	-	-	- -
Crowfoot, Stater - AHS	0.33	-	-	-	-	-	-	-	- -
Franceschini, Tony - AHS	0.33	-	-	-	-	-	-	-	- -
Laupacis, Andreas - AHS	0.33	-	-	-	-	-	-	-	- -
Winkel, Gord - AHS	0.33	-	-	-	-	-	-	-	- -
Fielding, Alan	0.12	-	2	-	2	-	-	2	1 7
Laforce-Fertig, Louise	0.12	-	1	-	1	-	-	1	1 8
McBain, Harold	0.12	-	2	-	2	-	-	2	1 8
Mikkelsen, David	0.12	-	-	-	-	-	-	-	1 5
Preston, Jerry	0.12	-	-	-	-	-	-	-	1 8
Sieinhauer, Sharon	0.12	-	2	-	2	-	-	2	1 7
Taylor, Ruth (Dr.)	0.12	-	1	-	1	-	-	1	1 3
Total Board	9.72	-	13	-	13	-	-	13	8 61
Board Direct Reports ^(h)									
Mental Health Patient Advocate Office	3.01	275	47	40	362	-	-	362	3.17 366
President & Chief Executive Officer - AHS ⁽ⁱ⁾	0.02	-	-	-	-	-	-	-	- -
Interim Chief Executive Officer - AHS ⁽ⁱ⁾	0.88	-	-	-	-	-	-	-	- -
President & Chief Executive Officer ⁽ⁱ⁾	0.27	83	8	170	261	1	558	819	1.00 282
CEO Direct Reports ⁽ⁱ⁾									
Vice President, Advocacy, Innovation & Monitoring	0.84	183	64	97	344	1	430	774	1.00 235
Vice President, Programs & Research	1.00	221	65	71	357	-	-	357	1.00 237
Management reporting directly to CEO Direct Reports	14.10	1,478	33	309	1,820	-	-	1,820	12.57 1,492
Other management	4.56	382	2	81	465	-	-	465	4.54 428
Other staff	40.95	2,342	40	539	2,921	-	-	2,921	35.30 2,439
Total Executive, Management and Staff	65.63	4,964	259	1,307	6,530	2	988	7,518	58.58 5,479
Total	75.35	\$ 4,964	\$ 272	\$ 1,307	\$ 6,543	2	\$ 988	\$ 7,531	66.58 \$ 5,540

See accompanying information on the following pages.

Schedule 2 (continued)

**SCHEDULE OF SALARIES AND BENEFITS,
FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 103 (2007 - 86). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include bonuses, lump sum payments and honoraria.
- d. Other non cash benefits include:
- Employer's current and prior service cost of supplementary retirement plans per note (f) below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment insurance, long and short-term disability plans, Canada Pension Plan, and employment insurance. Professional development and membership costs may also be paid on behalf of or reimbursed to employees but such amounts are not included under benefits and allowances.
 - Employer's share of the cost of additional benefits including other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Retirement Plan (SRP)

Under the terms of the Supplementary Retirement Plan executives may receive supplemental retirement payments. Effective April 1, 2008, the Vice President, Advocacy, Innovation & Monitoring and the Vice President, Programs & Research were added to the Supplementary Retirement Plan. SRP costs as detailed in the following table are not cash payments in the period but are the period expense for the rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2 (d) Employee Future Benefits and Note 7 Long-term Employee Benefit Liabilities.

The cost of these benefits is actuarially determined using the projected benefit method prorated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past services costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Schedule 2 (continued)

The change in the accrued benefit obligation includes current service costs, interest accruing on the actuarial liability and the full amount of any actuarial gains or loss in the period.

**SCHEDULE OF SALARIES AND BENEFITS,
FOR THE YEAR ENDED MARCH 31, 2009**

	2009		
	Current Service Cost	Prior Service and Other Costs	Total
	(thousands of dollars)		
President & CEO	\$ 9	\$ 152	\$ 161
VP-Advocacy, Innovation and Monitoring	24	44	68
VP- Programs & Research	31	7	38
	<u>\$ 64</u>	<u>\$ 203</u>	<u>\$ 267</u>
	Accrued obligation March 31, 2008	Change in accrued obligation	Accrued obligation March 31, 2009
	(thousands of dollars)		
President & CEO	\$ 208	\$ (208)	\$ -
VP-Advocacy, Innovation and Monitoring	-	-	-
VP- Programs & Research	-	98	98
	<u>\$ 208</u>	<u>\$ (110)</u>	<u>\$ 98</u>

For the two severances during the 2008-09 period the SRP was paid out in lump sum. The President & CEO received a lump sum payment of \$175,324. The Vice-President, Advocacy, Innovation and Monitoring received a lump sum payment of \$67,796.

- g. On May 15, 2008, Alberta Mental Health Board's board, along with the other regional health authority boards and provincial boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTEs and costs for the entire 2008-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.

Schedule 2 (continued)

- i. On July 8, the Board's CEO was terminated. The Interim CEO – AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- j. CEO Direct Reports reflect FTEs and costs for the 2008-09 fiscal year based on the titling and positioning that existed as at July 8, 2008.
- k. Two Executive Medical Directors were contracted by the Alberta Mental Health Board and participated in Executive Management Committee. As they are contracted their expense is charged to other contracted services and not salaries and benefits. The expense reported in the Statement of Operations for the fiscal year 2009 is: Executive Medical Director – Edmonton, \$111,300 (2008 - \$146,600) and Executive Medical Director – Calgary, \$190,700 (2008 - \$151,700).

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ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF CONTRACT SERVICE OPERATORS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Schedule 3

	Direct Region Funding	Facility- based inpatient acute nursing services	Facility- based emergency & outpatient services	Community- based care	Diagnostic & therapeutic services	Promotion prevention & protection services	Research and education	Administra- tion	Information technology	Support services	Total Expenditures
A. Health Authorities											
Capital Health - Forensics	\$ 34,591	\$ 14,419	\$ 5,280	\$ 1,762	\$ 5,864	\$ -	\$ -	\$ 1,172	\$ -	\$ 6,094	\$ 34,591
Capital Health - Other	1,955	-	11	638	399	51	13	205	633	5	1,955
Calgary Health Region - Forensics	11,321	4,088	1,966	509	2,492	-	-	-	-	2,266	11,321
Calgary Health Region - Other	1,862	-	4	1,081	322	394	9	-	-	52	1,862
Chinook Health Region	718	-	-	471	201	27	4	-	-	15	718
Palliser Health Region	478	-	-	270	186	16	6	-	-	-	478
David Thomson Health Region	430	-	-	242	167	12	9	-	-	-	430
Aspen Health Region	116	-	-	59	11	33	9	-	-	4	116
Other Regional Health Authorities	113	-	-	-	-	96	17	-	-	-	113
B. Other Contract Service Operators											
School Boards & Schools	7,937	-	-	-	1,349	6,588	-	-	-	-	7,937
AADAC	726	-	-	430	296	-	-	-	-	-	726
Homefront	559	-	-	331	228	-	-	-	-	-	559
Aboriginal agencies & service providers	599	-	-	-	-	597	2	-	-	-	599
Centre for Suicide Prevention	393	-	-	-	-	393	-	-	-	-	393
Universities & Colleges	276	-	-	-	-	22	254	-	-	-	276
Schizophrenia Society of Alberta	244	-	-	-	-	244	-	-	-	-	244
Institute of Health Economics	187	-	-	-	-	-	187	-	-	-	187
Canadian Mental Health Association	130	-	-	-	-	127	3	-	-	-	130
Alberta Heritage Foundation for Medical Research	116	-	-	-	-	-	116	-	-	-	116
Other agencies & service providers	275	-	42	-	-	149	59	25	-	-	275
Total 2008/09	\$ 63,026	\$ 18,507	\$ 7,303	\$ 5,793	\$ 11,515	\$ 8,749	\$ 688	\$ 1,402	\$ 633	\$ 8,436	\$ 63,026
Total 2007/08	\$ 50,381	\$ 16,155	\$ 6,103	\$ 5,240	\$ 9,316	\$ 3,566	\$ 394	\$ 1,217	\$ 639	\$ 7,751	\$ 50,381

ASPEN REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2009

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

ASPEN HEALTH REGION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2009
FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of the Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow to him to report on the fairness of the financial statements prepared by management.

"Original signed"

Shelly Pusch
CFO – Aspen Health Region

"Original signed"

Chris Mazurkewich
CFO – Alberta Health Services

"Original signed"

Dr. Stephen Duckett
CEO – Alberta Health Services

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Aspen Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated June 9, 2008.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

ASPEN REGIONAL HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION

March 31, 2009
(in thousands)

	2009 Actual	2008 Actual Restated (Note 3)
ASSETS		
Current:		
Cash, cash equivalents and investments (Note 4)	\$ 47,892	\$ 44,114
Accounts receivable	5,102	5,681
Contributions receivable from Alberta Health and Wellness	432	15,127
Inventories	1,853	1,638
Prepaid expenses	3,882	3,771
	59,161	70,331
Non current cash, cash equivalents and investments (Note 4)	18,690	30,719
Capital assets (Note 5)	174,661	177,050
Other assets (Note 6)	2,217	2,299
TOTAL ASSETS	\$ 254,729	\$ 280,399
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 25,836	\$ 25,920
Accrued vacation pay	13,421	11,804
Deferred contributions (Note 7)	20,729	20,005
	59,986	57,729
Deferred contributions (Note 7)	2,217	2,299
Deferred capital contributions (Note 8)	24,324	29,262
Unamortized external capital contributions	159,176	162,154
	245,703	251,444
Net assets:		
Accumulated (deficit)/surplus (Note 10)	(6,459)	3,377
Accumulated surplus internally restricted (Note 10)	-	8,485
Investment in capital assets	15,485	14,896
Cumulative net unrealized gains on investments	-	2,197
	9,026	28,955
TOTAL LIABILITIES AND NET ASSETS	\$ 254,729	\$ 280,399

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
	(Note 12)		Residual (Note 3)
Revenue			
Alberta Health and Wellness contributions (Note 13)	\$ 251,941	\$ 246,661	\$ 238,576
Other government contributions (Note 14)	1,187	977	1,199
Fees and charges	26,842	25,727	23,554
Ancillary operations (Note 15)	1,518	1,675	1,622
Donations	300	427	392
Investment and other income (Note 16)	9,271	8,323	9,636
Amortized external capital contributions	9,594	10,548	9,134
TOTAL REVENUE	300,653	294,338	284,113
Expenses (Schedule 1)			
Inpatient acute nursing services	46,203	47,208	43,908
Emergency and outpatient services	25,700	26,538	24,549
Facility-based continuing care services	34,318	36,280	33,563
Community-based care	19,713	19,974	17,482
Home care	15,650	16,542	14,743
Diagnostic and therapeutic services	56,770	57,266	52,117
Promotion, prevention and protection services	13,388	13,687	12,195
Administration	12,950	11,903	12,074
Information technology	6,536	6,783	6,563
Support services	63,151	69,409	61,444
Amortization of facilities and improvements	5,932	6,480	5,426
TOTAL EXPENSES	300,311	312,070	284,064
Excess (deficiency) of revenue over expenses	\$ 342	\$ (17,732)	\$ 49

The accompanying notes and schedules are part of these financial statements.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2009
(in thousands)

	2009				2008	
	Accumulated surplus/ (deficit)	Internally Restricted Accumulated surplus/ (deficit)	Investment in capital assets	Cumulative net unrealized gains/(losses) on investments	Total	Total
	(Note 10)	(Note 10)				
Balance at beginning of year	\$ 3,377	8,485	\$ 14,896	\$ 2,197	\$ 28,955	\$ 29,159
Excess (deficiency) of revenue over expenses	(17,732)	-	-	-	(17,732)	49
Capital assets purchased with internal funds	(2,931)	-	2,931	-	-	-
Amortization on internally funded capital assets	2,342	-	(2,342)	-	-	-
Changes to internally restricted funds	8,485	(8,485)	-	-	-	-
Cumulative net unrealized gains/(losses) on investments						
Net unrealized losses on available for sale financial assets arising during the year	-	-	-	(3,344)	(3,344)	(271)
Reclassification adjustments for gains included in excess of revenue over expenses	-	-	-	1,147	1,147	18
Balance at end of year	\$ (6,459)	\$ -	\$ 15,485	\$ -	\$ 9,026	\$ 28,955

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual Restated (Note 3)
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expense	\$ 342	\$ (17,732)	\$ 49
Non-cash transactions:			
Amortization (Schedule 1)	11,677	12,880	11,729
Amortized external capital contributions	(9,630)	(10,584)	(9,170)
Amortization of advances under long term care partnerships	82	82	82
Amortized long term care partnership contributions	(82)	(82)	(82)
Gain on disposal of capital equipment:			
- internally funded	-	(2)	(23)
Gain on disposal of investments	-	(212)	(438)
Amortization on investments	-	18	18
Loss on investments valuations	-	1,129	-
Transferred to deferred contributions	-	2,503	1,800
Changes in non-cash working capital account	-	17,205	57
Cash generated from operations	2,389	5,205	3,522
Investing activities:			
Purchase of investments	(50,000)	(34,935)	(53,229)
Purchase of capital assets:			
- internally funded equipment	(4,300)	(2,172)	(2,676)
- internally funded facilities & improvements	(2,825)	(759)	(1,154)
- externally funded equipment	(2,500)	(1,911)	(3,368)
- externally funded facilities & improvements	(9,256)	(5,695)	(14,398)
Proceeds on sale of investments	50,000	37,709	51,962
Proceeds on sale of capital assets	-	48	29
Allocations from (to) non-current cash	9,255	6,123	(6,787)
Cash used by investing activities	(9,626)	(1,592)	(29,621)
Financing activities:			
Capital contributions received	7,500	165	16,470
Cash generated from financing activities	7,500	165	16,470
Increase (decrease) in cash and cash equivalents	263	3,778	(9,629)
Cash, cash equivalents and investments, beginning of year	44,303	44,114	53,743
Cash, cash equivalents and investments, end of year	\$ 44,566	\$ 47,892	\$ 44,114

The accompanying notes and schedules are part of these financial statements.

ASPEN REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009
(in thousands)

Note 1 Authority, Purpose and Operations

The Aspen Regional Health Authority (the "Region") was established June 24, 1994 under the *Alberta Regional Health Authorities Act*. The Region is a registered charity under the *Income Tax Act* and exempt from payment of income taxes. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 19).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well being.

The Region's operations include the following facilities and sites:

Athabasca Healthcare Centre	Slave Lake Healthcare Centre
Barrhead Healthcare Centre	Smoky Lake Continuing Care Centre
Boyle Healthcare Centre	St. Therese - St. Paul Healthcare Centre
Cold Lake Healthcare Centre	Swan Hills Healthcare Centre
Dr. W.R. Keir - Barrhead Continuing Care Centre	Wabasca/Desmarais Healthcare Centre
Edson Healthcare Centre	Westlock Healthcare Centre
Elk Point Healthcare Centre	Westlock Continuing Care Centre
George McDougall - Smoky Lake Healthcare Centre	Whitecourt Healthcare Centre
Hinton Healthcare Centre	William J. Cadzow - Lac La Biche Healthcare Centre
Mayerthorpe Healthcare Centre	Aspen Community Services Sites
Radway Continuing Care Centre	Aspen Mental Health Sites
Sedon - Jasper Healthcare Centre	Aspen Corporate and Administrative Offices

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 17(c).

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

These financial statements were prepared on a consolidated basis and include the following:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

The Region uses the proportionate consolidated method to account for its 50% interest in each of the two Primary Care Networks: St. Paul/Aspen Primary Care Network and Bonnyville/Aspen Primary Care Network.

The Region participates in the Regional Shared Health Information Program (RSHIP), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta as disclosed in Note 17(b). The Region accounts for its 13.33% interest in RSHIP on a proportionate consolidation basis.

These financial statements use the deferral method of accounting for contributions, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Region's objectives for managing capital are:

- in the short term to safeguard the Region's financial ability to continue to deliver health services and;
- in the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which are paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of the operating funds and obtaining external funding from charitable donations and capital grants.

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 10).

(c) Full cost

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as contracted health service expense of the Region.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as these payments represent part of the cost of the Region's health program costs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

- (iii) Fair value to use acute care facilities not owned by the Region is recorded as revenue from other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services that a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Region has insufficient information to apply defined benefit plan accounting. Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans.

The Region does not record its portion of the plans' deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's supplementary retirement plan is funded (Note 9(a)).

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the trade date accounting.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and Receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash, cash equivalents, and Investments	Available for sale
Accounts receivable	Loans and receivables
Contributions Receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued vacation pay	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The carrying value of current cash, accounts receivable, contribution receivable from Alberta Health & Wellness and accounts payable approximates their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant, interest, currency or credit risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

(h) Capital Assets

Capital assets and construction in progress are recorded at cost. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	8-20 years
Buildings	15-45 years
Building equipment	10-20 years
Equipment	3-20 years

Capital assets with unit costs less than five thousand dollars are expensed. Construction in progress is not amortized until the project is complete.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related capital assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. Actual results could differ from these estimates.

Note 3 Prior Period Adjustment

During the year, Aspen Regional Health Authority made the following adjustments to the 2007-08 results:

Accounting for Primary Care Networks (PCN's) has been adjusted on a retrospective basis to proportionately consolidate all PCN's that the Region jointly controls (Note 17(d)).

Amounts held in trust for Patient/Resident funds have been removed from the financial statement presentation.

The following table summarizes the changes to the 2008 comparative figures that have been incorporated in these financial statements and notes to the financial statements:

	As previously stated	Proportionate Consolidation of PCNs	Resident Trust	As restated
<u>Statement of Financial Position</u>				
Cash and investments	\$ 43,527	\$ 776	\$ (189)	\$ 44,114
Accounts receivable	5,674	7		5,681
Prepaid expenses	3,768	3		3,771
Accounts payable and accrued liabilities	26,069	40	(189)	25,920
Deferred contributions	19,238	746		20,005
<u>Statement of Operations</u>				
Alberta Health and Wellness contributions	238,207	369		238,576
Investment and other income	9,609	27		9,636
Community based care	17,086	396		17,482

Note 4 Cash, Cash Equivalents and Investments

	2009	2009	2008	2008
	Fair		Fair	
	Market		Market	
	Value	Cost	Value	Cost
	Restated (Note 3)			
Cash	\$ 51,426	\$ 51,426	\$ 52,255	\$ 52,255
Treasury bills	295	295	1,053	1,053
Money market securities	948	948	62	62
Bonds	9,409	9,919	13,162	13,024
Equities	4,414	5,160	8,301	6,260
Total	\$ 66,582	\$ 67,748	\$ 74,833	\$ 72,654
Classified as:				
Current	47,897		44,114	
Non-current	18,690		30,719	
Total cash, cash equivalents and investments	\$ 66,582		\$ 74,833	

- (a) At March 31, 2009 management determined that an impairment of investments classified as available for sale was other than temporary and therefore a cumulative loss has been recognized in the Statement of Operations (Note 16).
- (b) Treasury bills mature June 25, 2009 and bear interest at an average of 0.41%.
- (c) Money market securities bear interest at 1.78% paid annually.
- (d) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities and of the total equity no more than 5% of the total will be in US equity securities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.
- (e) Fixed-income securities, such as government bonds, provincial bonds and corporate bonds have an average effective yield of 5.158% per annum based on the market for securities maturing in one to five years, and 5.387% per annum for securities maturing between six and twenty-nine years. As at March 31, 2009 and 2008, the securities have the following maturity structure:

	2009 %'s	2008 %'s
1 to 5 years	35%	29%
5 to 10 years	35%	57%
Over 10 years	30%	14%

- (f) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

Non-current cash, cash equivalents and investments represent the following:

	2009	2008
Externally restricted for capital acquisitions	\$ 18,690	\$ 9,256
Internally restricted for capital acquisitions		8,485
Unrestricted non-current investments		12,978
Total	\$ 18,690	\$ 30,719

Note 5 Capital Assets

Capital Asset	Opening Balance April 1, 2008	Transfers from Construction in Progress	Additions	Transfer of Assets	Disposals	Closing Balance March 31, 2009
Land	\$ 2,787	\$ -	\$ -	\$ -	\$ -	\$ 2,787
Land improvements	5,710	709	-	-	-	6,419
Buildings	244,224	14,119	-	-	-	258,343
Building equipment	12,007	-	45	-	-	12,052
Equipment	81,629	5,916	4,083	-	(3,260)	88,368
Construction in progress	20,881	(20,744)	6,409	-	-	6,546
Total	\$ 367,238	\$ -	\$ 10,537	\$ -	\$ (3,260)	\$ 374,515

Capital Asset	Opening Balance April 1, 2008	Current Year Amortization	Transfer of Assets	Amortization on Disposals	Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,787	\$ 2,787
Land improvements	4,643	199	-	-	4,842	1,577	1,067
Buildings	118,387	6,106	-	-	124,493	133,850	125,837
Building equipment	10,510	212	-	-	10,722	1,300	1,467
Equipment	56,618	6,363	-	(3,214)	59,767	28,601	25,011
Construction in progress	-	-	-	-	-	6,546	20,881
Total	\$ 190,188	\$ 12,880	\$ -	\$ (3,214)	\$ 199,854	\$ 174,661	\$ 177,080

Capital assets were funded from the following sources:

	2009	2008
Externally funded	\$ 159,176	\$ 162,115
Internally funded	15,485	14,896
Total	\$ 174,661	\$ 177,011

Note 6 Other Assets

	2009	2008
Advances under long-term care partnership agreements	\$ 2,299	\$ 2,381
Amortized during the year	(82)	(82)
Balance, end of year	<u>\$ 2,217</u>	<u>\$ 2,299</u>

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the Region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Region uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Region and private organizations by providing a one-time, up-front capital grant to the Region. The Region in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Region provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 33 years, which is equivalent to the term of the partnership agreement. The Region does not accrue interest on the loan as the Region will forgive the balance of the loan following the expiry of the term of the agreement.

Note 7 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Current		Revised (Note 3)
AHW - Continuing Care	\$ 289	\$ 801
AHW - Mental Health Innovation	531	1,342
AHW - Specialist On Call	658	1,629
AHW - Immunization	203	504
AHW - Security of Systems	177	336
AHW - Telehealth	447	272
AHW - Health Promotion	360	529
AHW - Aboriginal Health Strategies	-	179
AHW - Other	-	7
AHW - Pandemic	1,342	1,631
AHW - Infrastructure Maintenance	10,801	8,214
Donations	1,262	1,122
Upgrade HCA Skills	157	-
Stroke Strategy	791	764
Mental Health Children's Wait Times	161	394
Alberta Cardiac Access Collaborative	209	200
Healthcare Aide Upgrade & Training	109	294
Wait Time Project - Hip & Knee Replacement	1,355	447
Wait Time Project - Back & Spine	120	119
Bone & Joint Project	100	-
Capacity Building - Colorectal Cancer Screening	-	300
Primary Care Network	1,041	746
Other	616	175
	<u>20,729</u>	<u>20,005</u>
Non-current		
Alberta Infrastructure - Long term care partnerships	<u>2,217</u>	<u>2,299</u>
Total	<u>\$ 22,946</u>	<u>\$ 22,304</u>

Note 8 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Betterment of capital assets	\$ 129	\$ 4,740
New Construction	<u>24,195</u>	<u>24,522</u>
	<u>\$ 24,324</u>	<u>\$ 29,262</u>

Note 9 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

Accrued obligation, beginning of year	\$ 43	\$ -
Current service cost	43	41
Interest cost	4	2
Actuarial gain	(11)	-
Accrued obligation, end of year	<u>\$ 79</u>	<u>\$ 43</u>

Reconciliation of funded status of accrued benefit asset / liability

Funded status of plan	\$ 9	\$ -
Unamortized actuarial (gain)	(9)	-
Accrued benefit asset (liability)	<u>\$ -</u>	<u>\$ -</u>
Current service cost	\$ 43	\$ 41
Interest cost	4	2
Actuarial gain in year	(11)	-
Difference between expected and actual return on assets	(2)	-
Difference between recognized and actual actuarial loss (gain) in year	11	-
Benefit cost	<u>\$ 45</u>	<u>\$ 43</u>

Supplementary Retirement Plan is fully funded.

Significant actuarial assumptions are as follows:

Discount rate	6.2%	5.2%
Expected average remaining service life of employees	12	13
Salary increase	4%	4%
Expected return on plan assets	3.1%	2.6%

The above information is based on the actuarial valuation performed at March 31, 2009.

Plan Assets (held by trustee)

Employer contributions - fair value of assets at March 31

Plan Assets (held by Canada Revenue Agency)

Employer contributions paid by refundable taxes	\$ 45	\$ 43
Total plan assets	<u>\$ 45</u>	<u>\$ 43</u>
Funded status of plan	<u>\$ 45</u>	<u>\$ 43</u>

(b) Pension Expense

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$9,461 for the year ended March 31, 2009 (2008 - \$8,213).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficit of \$ 4,413,971 (2007 - \$1,183,334).

Note 10 Accumulated (Deficit)/Surplus

The Region's accumulated (deficit)/surplus comprises the following:

	2009	2008
Unrestricted net assets (deficiency)	\$ (6,459)	\$ 3,377
Internally restricted net assets		
Future equipment replacement	-	8,485
	<u>\$ (6,459)</u>	<u>\$ 11,862</u>

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

The Region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Note 11 Commitments and Contingencies**(a) Commitments**

The Region is committed to operating lease payments and software licensing in future years as follows:

2010	\$ 224
2011	653
2012	123
2013	85
2014	34
	<u>\$ 1,119</u>

The leases expire at various dates from 2010 to 2014.

The Region contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 17(c)). The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

(b) Legal

The Region has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Region. In accordance with standard provincial requirements, the Region maintains adequate liability insurance coverage. Any costs in excess of the Region's liability insurance on settlement would be recorded as an expense of the period of settlement.

Note 12 Budget

The budget was prepared by management and submitted to the Minister of Health and Wellness on June 3, 2008.

Note 13 Alberta Health and Wellness Contributions

	2009	2008
		Restated (note 3)
Unrestricted contributions	\$ 229,542	\$ 225,247
Transfers from deferred contributions	17,119	13,329
	<u>\$ 246,661</u>	<u>\$ 238,576</u>

Note 14 Other Government ContributionsAlberta Government

	2009	2008
Fair value of rent less rent charges for non-acute care facilities used by the Region	\$ 814	\$ 1,105
Transfers from deferred contribution	82	82
Transition grant from East Central Health (Note 18)	55	-
Other Alberta Government	<u>26</u>	<u>12</u>
	<u>\$ 977</u>	<u>\$ 1,199</u>

Note 15 Ancillary Operations

	2009				2008			
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense
Non-patient food services	\$ 1,037	\$ 949	\$ 26	\$ 62	\$ 1,013	\$ 980	\$ 26	\$ 33
Rental operations	420	336	10	74	386	336	10	196
Sale of goods and services	218	212	-	6	223	212	-	11
Total	\$ 1,675	\$ 1,497	\$ 36	\$ 142	\$ 1,622	\$ 1,528	\$ 46	\$ 29

Ancillary expenses are reported in support services in the Statement of Operations.

Note 16 Investment and other income

	2009	2008
Investment Income	\$ 1,710	\$ 2,566
Other than temporary impairment of investments (Note 4)	(1,147)	(18)
Other Income	7,760	7,088
Total	\$ 8,323	\$ 9,636

Investment income comprises interest, dividends and net gains (losses) realized on disposal of investments.

Other income comprises recoveries from sources external to the Region for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

Note 17 Related Parties

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints members of the Alberta Health Service Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

The Region had the following transactions with other Health Regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

Authority	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 2,384	\$ 3,219	\$ 553	\$ 236	\$ 1,798	\$ 3,173	\$ 472	\$ 2,196

Note 17 Related Parties (continued)

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative. The other partners to the agreement are: Chinook Regional Health Authority, Palliser Health Region, David Thompson Health Region, East Central Health Region, Peace Country Health Region, and Northern Lights Health Region.

AHW Funding	\$ 1,216	\$ 4,906
Health Authority contribution	749	2,233
Total	\$ 1,965	\$ 7,139
<u>Reported as follows:</u>		
Expenses	\$ 573	\$ 712
Capital assets	1,392	6,427
Total	\$ 1,965	\$ 7,139

The Region accounts for its interest in RSHIP on a proportionate consolidation basis.

(c) Foundations

The Region has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Region and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	2009			2008		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
St Paul & District Hospital Foundation	\$ 173	\$ 23	\$ 150	\$ 158	\$ 23	\$ 135
Hinton Health Care Foundation	765	-	765	243	-	243
Jasper Health Care Foundation	88	100	(12)	155	167	(12)
Total	\$ 526	\$ 123	\$ 403	\$ 556	\$ 190	\$ 366

Note 17 Related Parties (continued)

	Contributions received by Health Region		Resources held by Foundation	
	Year ended March 31,		at March 31, 2009	
	2009	2008	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	\$ 8	\$ 77	\$ -	\$ 150
Hinton Health Care Foundation	-	-	77	188
Jasper Health Care Foundation	26	-	88	-
	\$ 34	\$ 77	\$ 165	\$ 338

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

(d) Primary Care Networks

The Region's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Health region's 50% share	
	2009	2008
Opening Balance	\$ 746	\$ 682
Contributions from AIHW	1,157	433
Amounts recognized as revenue	(862)	(369)
Amounts deferred	\$ 1,041	\$ 746

(e) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2009			2008		
	Affiliated Health Service Providers	Non-Affiliated Health Service Providers	Total	Affiliated Health Service Providers	Non-Affiliated Health Service Providers	Total
Direct Region funding	\$ 30,476	\$ 2,501	\$ 32,977	\$ 21,488	\$ 2,138	\$ 23,626
Direct AIHW funding	-	-	-	-	-	-
Fees and charges	5,638	-	5,638	5,066	-	5,066
Full cost adjustments	82	-	82	82	-	82
Total	\$ 36,196	\$ 2,501	\$ 38,697	\$ 32,636	\$ 2,138	\$ 34,774

Note 18 Transition Costs

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges in the Statement of Operations. In the Statement of Operations these charges are included in Administration, Support Services and Information Technology.

	Severance Related	Other	Total
Liability at March 31, 2008	\$ -	\$ -	\$ -
Expenses	-	55	55
Payments made during the year	-	(55)	(55)
Liability as at March 31, 2009	\$ -	\$ -	\$ -

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Service transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

Note 19 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health service delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commissions (AADAC). Effective April 1, 2009, all of these entities including the region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

Note 20 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 21 Approval of Financial Statements

These financial statements have been approved by the Alberta Health Services Board.

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	Budget	2009	2008
			Revised (Note 1)
Salaries and Benefits (Schedule 2)	179,760	181,729	164,654
Contracts with health service operators (Note 17 (c))	37,118	38,697	34,774
Drugs and gases	4,364	4,592	4,577
Medical and surgical supplies	5,732	6,498	5,703
Other contracted services	19,069	20,989	19,568
Other *	42,591	46,687	43,582
Amortization:			
Capital equipment - internally funded	1,948	2,230	1,960
Capital equipment - externally funded	3,797	4,133	3,789
Facilities and improvements - internally funded	99	98	99
Facilities and improvements - externally funded	5,833	6,419	5,381
Net gain on disposal	-	(2)	(23)
	<u>\$ 300,311</u>	<u>\$ 312,070</u>	<u>\$ 284,064</u>
* Other			
Utilities	\$ 6,285	\$ 6,449	\$ 6,276
Patient travel	5,947	6,431	5,758
Food	3,022	3,155	2,925
Minor equipment	1,596	1,677	3,518
Equipment maintenance - external	2,321	2,545	2,344
Lab supplies	2,463	2,640	2,419
Other fees	1,542	1,560	1,377
Renovations	3,195	5,451	1,716
Staff travel	1,708	1,911	1,835
Rental/lease of equipment	1,799	1,906	1,755
Building/ground maintenance - external	1,226	1,964	2,144
Rental/lease of land/building	1,456	1,147	1,414
Miscellaneous	10,131	9,851	10,101
	<u>\$ 42,591</u>	<u>\$ 46,687</u>	<u>\$ 43,582</u>

**ASPIN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009**
(in thousands)

Schedule 2

	2009							2008		
	Number of FTEs (1)	Base Salary (2)	Other Cash (3)	Benefits (4)	Other Non-Cash (5)	Benefits (6)	Sub Total	Number of FTEs (1)	Amount	Total
Board Chair ^(*)										
Ken Hughes - AHS	0.58	-	-	-	-	-	-	-	-	-
Robert Jackson	0.12	-	-	-	-	-	-	1.00	37	-
Board Members ^(*)										
Jack Aty - AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin - AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Rouzon - AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Huhai - AHS	0.88	-	-	-	-	-	-	-	-	-
John Labadie - AHS	0.88	-	-	-	-	-	-	-	-	-
Brian Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-
Dan Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andruschuk - AHS	0.33	-	-	-	-	-	-	-	-	-
Geoff Bortle - AHS	0.33	-	-	-	-	-	-	-	-	-
Tam Lynn Bosque - AHS	0.33	-	-	-	-	-	-	-	-	-
Tim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-
Stratton Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-
Andrew Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkler - AHS	0.33	-	-	-	-	-	-	-	-	-
Alan Brink	0.12	-	4	-	-	-	4	1.00	5	-
Bill Bulger	0.12	-	3	-	-	-	3	1.00	4	-
Brian Hahn	0.17	-	3	-	-	-	3	1.00	4	-
Brian Isley	0.12	-	4	-	-	-	4	1.00	5	-
Duke Johnson	0.17	-	3	-	-	-	3	1.00	5	-
Julie Kidd	0.12	-	4	-	-	-	4	1.00	5	-
Marley Mahon	0.12	-	-	-	-	-	-	1.00	2	-
Eliza McGladdery	0.12	-	3	-	-	-	3	1.00	6	-
Andrew Orr	0.12	-	3	-	-	-	3	1.00	10	-
John Palgizak	0.12	-	4	-	-	-	4	1.00	7	-
Gary Pollack	0.12	-	3	-	-	-	3	1.00	5	-
Gary Ruckert	0.12	-	-	-	-	-	-	1.00	3	-
Floyd Thompson	0.12	-	3	-	-	-	3	1.00	6	-
Marion Wolinski	0.12	-	4	-	-	-	4	1.00	9	-
Total Board	10.56	-	90	-	-	-	90	15.00	116	-

**ASPIN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009**
(in thousands)

Schedule 2 (continued)

	2009							2008		
	Number of FTEs (1)	Base Salary (2)	Other Cash (3)	Benefits (4)	Other Non-Cash (5)	Benefits (6)	Sub Total	Number of FTEs (1)	Amount	Total
Board	10.56	-	-	-	-	-	-	15.00	116	-
Board Direct Reports ^(*)										
President & Chief Executive Officer - AHS ^(*)	0.00	-	-	-	-	-	-	-	-	-
Interim Chief Executive Officer - AHS ^(*)	0.88	-	-	-	-	-	-	-	-	-
President & Chief Executive Officer ^(*)	1.00	335	-	65	240	-	640	1.00	320	-
	1.88	335	-	65	240	-	640	1.00	320	-
CEO Direct Reports ^(*)										
Management person(s) reporting to the President & CEO										
Vice President Health Services ^(*)	1.00	162	-	28	190	-	380	1.00	188	-
Vice President Corporate Services ^(*)	1.00	176	-	29	205	-	410	1.00	189	-
Vice President Medical/Legal/Quality	1.00	162	-	24	186	-	372	0.91	153	-
Vice President Medical/Legal/Quality	1.00	146	-	24	170	-	340	1.00	165	-
Vice President Community Health ^(*)	1.00	146	-	24	170	-	340	1.00	163	-
Vice President Human Resources ^(*)	1.00	212	-	19	231	-	462	0.87	116	-
Executive Director Communications	0.00	964.00	-	148.00	1,052.00	-	2,164.00	5.84	1,154.00	-
Other Staff										
Other management person(s) reporting directly in those above ^(*)	33.95	3,325	6	697	4,029	1.00	74	4,763	33.37	3,804
Other management ^(*)	36.58	2,999	28	607	3,634	1.00	7	3,641	32.83	3,745
Regulated nurses not included above										
- RNs, Psych Nurses, Grad nurses	338.62	80,748	8,192	8,708	97,648	-	96,958	583.60	53,964	-
- LPNs	211.63	10,579	1,305	2,077	14,961	-	14,961	209.60	12,269	-
Other health technical and professionals	499.34	29,204	4,044	5,816	39,064	-	39,064	395.03	34,417	-
Unregulated health service providers	369.66	13,156	1,579	2,475	17,190	-	17,190	351.67	14,237	-
Other staff	925.15	38,058	1,935	7,257	47,250	-	45,240	460.58	40,523	-
	2,518.31	135,110	17,974	27,307	180,195	2.00	41	160,737	2,475.20	163,079
Grand Total	2,536.77	\$ 136,140	\$ 18,729	\$ 27,510	\$ 181,655	2.00	\$ 41	\$ 161,220	2,500.94	\$ 164,634

Schedule 2 (continued)

**SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009**

- 1) Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4845 (2008 – 4,746). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- 2) Base salary includes pensionable base pay.
- 3) Other cash benefits include overtime, lump sum payments, shift differential, and honoraria.
- 4) Other non-cash benefits include:
 - a) Employer's current and prior service cost of supplementary retirement plans per Note (15) below.
 - b) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
- 5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- 6) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services (AHS) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- 7) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed at May 15, 2008.
- 8) The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- 9) Effective July 8, 2008 the President and Chief Executive Officer of the Region transitioned to the Chief Operating Officer Performance Improvement & Clinical Support Services - AHS. Costs incurred are reported in the accounts of the Region.

Schedule 2 (continued)

- 10) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- 11) Effective November 20, 2008 the Vice President Corporate Services of the Region was appointed the Vice President, North Continuum Zone - AHS. Costs incurred are reported in the accounts of the Region.
- 12) Effective October 31, 2008 the Vice President Community Health of the Region was appointed the Senior Vice President, Community Care - AHS. Costs incurred are reported in the accounts of the Region.
- 13) Effective February 9, 2009 the Vice President Human Resources of the Region was appointed the North Zone Lead, Human Resource Services - AHS. Costs incurred are reported in the accounts of the Region.
- 14) The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.
- 15) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

Schedule 2 (continued)

	2009			2008
	Current Service Cost	Prior Service and Other Costs	Total	Total
President & Chief Executive Officer	30	2	32	30
Vice President Corporate Services	7	-	7	7
Vice President Health Services	6	-	6	6
	43	2	45	43

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued Obligation March 31, 2008	Change in Accrued Obligation	Accrued Obligation March 31, 2009
President & Chief Executive Officer	30	19	49
Vice President Corporate Services	7	7	14
Vice President Health Services	6	10	16
	43	36	79

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Calgary Health Region

Consolidated Financial Statements

March 31, 2009

CALGARY HEALTH REGION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Schedule of Expenses by Object

Schedule 2 - Consolidated Schedule of Salaries and Benefits

CALGARY HEALTH REGION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2009

The accompanying final consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Region carries out its responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the final consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

"Original signed"

Dr. Stephen Duckett
President and Chief Executive Officer
– Alberta Health Services

"Original signed"

Chris Mazurkewich, CA
Executive Vice President and Chief Financial Officer
– Alberta Health Services

"Original signed"

Les Tochor, CA
Senior Vice President Finance
– Alberta Health Services

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2009
(thousands of dollars)

	2009	2008 (Restated) (Note 24)
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	\$ 172,832	\$ 30,863
Accounts receivable	63,373	60,171
Contributions receivable from Alberta Health and Wellness	5,843	49,972
Inventories	35,231	35,576
Prepaid expenses	11,172	11,557
	<u>288,451</u>	<u>188,139</u>
Non-current cash and investments (Note 3)	865,318	468,816
Capital contributions receivable	22,749	475,727
Capital assets (Note 4)	2,328,232	1,884,350
Other assets (Note 5)	14,800	29,078
TOTAL ASSETS	\$ 3,519,550	\$ 3,046,110
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 329,670	\$ 285,262
Accrued vacation pay	125,003	111,129
Current portion of deferred contributions (Note 6)	112,359	95,325
Current portion of long-term debt (Note 8)	12,135	11,353
	<u>579,167</u>	<u>503,069</u>
Deferred contributions (Note 6)	35,592	35,272
Deferred capital contributions (Note 7)	773,757	771,392
Long-term debt (Note 8)	185,919	142,823
Long-term employee benefit liabilities (Note 9)	9,391	8,174
Unamortized external capital contributions	1,879,405	1,526,513
	<u>3,463,231</u>	<u>2,987,243</u>
Net Assets:		
Unrestricted		
Accumulated deficit (Note 21)	(218,886)	(193,028)
Accumulated net unrealized (losses) gains on investments (Note 2(a)(2)(v))	(2,736)	8,166
Investment in capital assets	277,941	243,729
	<u>56,319</u>	<u>58,867</u>
Commitments and contingencies (Notes 9, 10 and 18)		
TOTAL LIABILITIES AND NET ASSETS	\$ 3,519,550	\$ 3,046,110

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009		2008
	Budget (Note 11)	Actual	Actual (Restated) (Note 24)
Revenue:			
Alberta Health and Wellness contributions (Note 12)	\$ 2,609,867	\$ 2,859,715	\$ 2,421,152
Other government contributions (Note 13)	34,605	54,666	31,631
Fees and charges (Note 14)	177,933	177,592	160,517
Ancillary operations (Note 15)	39,655	43,637	38,914
Donations	6,073	7,880	7,552
Investment and other income (Note 16)	96,405	96,323	109,870
Amortization of external capital contributions	91,934	107,091	86,629
TOTAL REVENUE	3,056,472	3,346,904	2,856,265
Expenses (Schedule 1)			
Inpatient acute nursing services	924,104	906,516	829,500
Emergency and outpatient services	381,365	397,300	355,452
Facility-based continuing care services	224,097	227,215	205,397
Community-based care	186,305	194,617	167,113
Home care	118,139	117,260	105,488
Diagnostic and therapeutic services	570,835	576,074	521,254
Promotion, prevention and protection services	75,460	74,484	68,396
Research and education (Note 17)	49,548	49,371	42,669
Administration	117,379	102,471	95,477
Information technology	115,283	122,066	94,283
Support services (Note 5 and Note 15)	471,733	507,877	425,428
Amortization of facilities and improvements	44,642	63,299	44,362
TOTAL EXPENSES	3,278,890	3,338,550	2,954,819
(Deficiency) Excess of revenue over expenses	\$ (222,418)	\$ 8,354	\$ (98,554)

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009			2008
	Accumulated deficit	Accumulated net unrealized gains (losses) on investments	Investment in capital assets	Total
				Total (Restated) (Note 24)
Balance at beginning of year	\$ (193,028)	\$ 8,166	\$ 243,729	\$ 58,867
(Deficiency) Excess of revenue over expenses	8,354	-	-	8,354
Capital assets purchased with internal funds	(70,584)	-	70,584	-
Amortization of internally funded capital assets	36,237	-	(36,237)	-
Repayment of long-term debt used to fund capital assets	(8,138)	-	8,138	-
Portion of goodwill impairment funded by repayment of long-term debt	8,273	-	(8,273)	-
Disposal of land	-	-	-	(429)
Purchase of land	-	-	-	3,866
Transfer of land	-	-	-	29
Net unrealized losses arising during the year on investments (Note 2(a)(2)(v))	-	(11,691)	-	(11,691)
Transfer of net realized gains (losses) on investments to revenue (Note 2(a)(2)(vi))	-	699	-	699
Balance at end of year	\$ (218,885)	\$ (2,736)	\$ 277,941	\$ 56,319

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009		2008
	Budget (Note 11)	Actual	Actual (Restated) (Note 24)
Operating activities:			
(Deficiency) Excess of revenue over expenses	\$ (222,418)	\$ 8,354	\$ (98,554)
Non-cash transactions:			
Amortization (Schedule 1)	131,198	143,380	115,042
Amortization of external capital contributions	(91,987)	(107,143)	(86,681)
Goodwill impairment (Note 5)	-	25,804	-
Other	3,817	2,270	4,018
Net change in non-cash working capital	(179,390)	72,665	(66,175)
Cash (used by) generated from operations	(132,192)	148,855	(40,904)
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(120,000)	(5,606)	(12,343)
Internally funded - information systems	(100,000)	(30,674)	(58,240)
Internally funded - facilities and improvements	(1,728)	(34,304)	(22,742)
Externally funded - equipment	(40,695)	(26,280)	(26,956)
Externally funded - information systems	(24,400)	(26,895)	(2,725)
Externally funded - facilities and improvements	(511,065)	(406,122)	(338,918)
Externally funded - land	-	-	(3,866)
Debt funded - facilities and improvements	(105,705)	(56,572)	(13,374)
Acquisition of investments	(3,337)	(29,451)	(102,639)
Proceeds on sale of investments	-	127,687	210,813
Allocations to (from) current cash and investments	144,220	(506,339)	100,367
Net change in non-cash working capital	-	27,448	33,135
Cash used by investing activities	(762,710)	(967,108)	(237,488)
Financing activities:			
Capital contributions received	434,124	914,635	257,351
Principal payments on long-term debt	(9,412)	(9,413)	(8,155)
Proceeds from long-term debt	439,327	55,000	3,308
Cash generated from financing activities	864,039	960,222	252,504
Net (decrease) increase in current cash and cash equivalents	\$ (20,863)	141,969	(25,888)
Current cash and cash equivalents, beginning of year		30,863	56,751
Current cash and cash equivalents, end of year		\$ 172,832	\$ 30,863
Interest paid on long-term debt		\$ 6,927	\$ 7,287

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Alberta Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000 and subsequently adopted the name Calgary Health Region (the "Region"). The Region is exempt from payment of income tax and is a registered charity under the Income Tax Act (Canada). Effective April 1, 2009, the Region will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 22).

The Region's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following:

Calgary acute care facilities:	Rural acute and continuing care facilities:
• Alberta Children's Hospital	• Canmore General Hospital
• Foothills Medical Centre	• Claresholm General Hospital
• Peter Lougheed Centre	• Didsbury District Health Services
• Rockyview General Hospital	• High River General Hospital
	• Little Bow Continuing Care Centre (in Carmangay)
Calgary continuing care facilities operating as Carewest:	• Oilfields General Hospital (in Black Diamond)
• Colonel Belcher	• Strathmore District Health Services
• Dr. Vernon Fanning Centre	• Vulcan Community Health Centre
• George Boyack	• Willow Creek Continuing Care Centre (in Claresholm)
• Glenmore Park	
• Nickle House	Psychiatric rehabilitation facility:
• Royal Park	• Claresholm Care Centre
• Signal Pointe	
• Sarcee	Urgent Care facilities:
	• Sheldon M. Chumir Health Centre
	• South Calgary Health Centre

Other:

- Community health centres and public health units throughout the region.
- Mental health clinics throughout the region.
- Provincial Laboratory for Southern Alberta located at the Foothills Medical Centre.
- The Diagnostic and Scientific Centre and various patient service centres operating as Calgary Laboratory Services within Calgary.
- Numerous hemodialysis satellites sites outside the region.

Note 1 Authority, Purpose and Operations (continued)

These consolidated financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

- (1) The financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated (Note 19(d)(i)).

Included in these consolidated financial statements are the following wholly owned subsidiaries:

- (i) Carewest - The Region contracts with Carewest to provide health services in the region.
- (ii) Calgary Laboratory Services Ltd. ("CLS") - The Region contracts with CLS to provide health services in the region.
- (iii) 1115399 Alberta Inc. which operates as Chemical Exposure Support Services.

The transactions between the Region and these subsidiaries have been eliminated on consolidation.

The Region uses the proportionate consolidation method to account for its 50% interest in each of the following Primary Care Networks:

Bow Valley Primary Care Network
 Calgary Foothills Primary Care Network
 Calgary Rural Primary Care Network
 Calgary West Central Primary Care Network
 Highland Primary Care Network
 Mosaic Primary Care Network
 South Calgary Primary Care Network

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(2) These consolidated financial statements were prepared using the deferral method of accounting for contributions; the key elements of our revenue recognition policies are:

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.
- (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until expended on capital assets. Amounts expended, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the year the related amortization expense of the funded capital asset is recorded.
- (iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.
- (v) Investment income comprises interest from cash balances, money market and fixed income investments, dividends from equities, and realized gains or losses on the sale of investments. Investment income is calculated on an accrual basis. Interest on fixed income investments is calculated over the term of the investment using the effective interest rate method. Unrealized gains and losses on investments classified as available for sale are included directly in net assets, until the investments are sold.
 - Unrestricted investment income is recognized in the year earned.
 - Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, long term debt, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

The Region complied with all debt covenants during the year and at the end of the year.

When a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 21).

(c) Full Cost

The Region records the full cost of services for which it is responsible. Full cost transactions comprise the following:

- (1) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Region's programs.
- (2) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Region's programs.
- (3) The estimated cost for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions and as program expenses, since the Region's contract payments do not include an amount for the use of these facilities.
- (4) The estimated cost for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.
- (5) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Financial Instruments

The Region's financial instruments were classified as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable, contributions receivable, and mortgage receivable	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest rate method. The Region does not use hedge accounting and accordingly is not impacted by the requirements of Section 3865 Hodges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying values of current cash, cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, capital contributions receivable, and accounts payable approximate their fair value because of the short-term maturity of these items. It is management's opinion that the Region is not exposed to significant interest rate, currency, credit or market risks arising from these financial instruments.

Further disclosure on financial instruments is provided in Note 2(e) Investments, Note 3 Cash, Cash Equivalents and Investments, and Note 8 Long-term debt.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Investments are classified as available for sale and are recorded at fair value as it is not management's primary objective to generate trading profits from short-term fluctuations in price nor to hold investments to maturity. Fair values are determined by reference to published price quotations in an active market at year-end.

Transaction costs associated with the acquisition and disposal of investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees are expensed as incurred. The purchase and sale of investments are accounted for using trade-date accounting.

(f) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting has been applied because the Region has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined on an annual basis as at March 31 using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past services costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. This plan is unfunded but is secured by a letter of credit (Note 9(a)).

The Region also provides defined contribution pension plans for two employee groups.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are valued at the lower of cost (defined as moving average) and current replacement value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Facilities and improvements	10 - 40 years
Equipment	3 - 20 years
Information systems	3 - 7 years
Leased facilities and improvements	term of lease
Building service equipment	5 - 40 years
Land improvements	5 - 40 years

Work in progress includes infrastructure and information systems projects. Actual interest incurred on debt funded projects is capitalized. Work in progress is not amortized until the project is complete.

Land and facilities transferred from Alberta Infrastructure are reported at the net book value recorded by Alberta Infrastructure at the time of the transfer.

Leases transferring substantially all of the benefits and risks of ownership of capital assets are reported as acquisitions of capital assets funded by long-term obligations.

(i) Goodwill and Intangible Assets

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment in the carrying value. Intangible assets with definite lives are amortized on a straight-line basis over their remaining lives.

(j) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible long-lived assets. Asset retirement obligations are recorded when they are incurred if a reasonable estimate of fair value can be determined. Accretion (interest) expense is the increase in the obligation due to the passage of time. The associated retirement costs are capitalized as part of the carrying amount of the asset and amortized over the asset's remaining useful life.

(k) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on the estimated useful life of the related assets. The amounts recorded for asset retirement and employee future benefits obligations are based on estimated future cash flows. Actual results could differ from these estimates.

Note 3 Cash, Cash Equivalents and Investments

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
	(thousands of dollars)			
Cash	\$ 1,006,960	\$ 1,006,960	\$ 346,664	\$ 346,664
Money market	-	-	11,988	11,988
Fixed income	20,631	20,891	92,401	91,757
Equities	10,559	13,035	48,626	41,104
	<u>\$ 1,038,150</u>	<u>\$ 1,040,886</u>	<u>\$ 499,679</u>	<u>\$ 491,513</u>
Current	\$ 172,832	\$ 172,832	\$ 30,863	\$ 30,863
Non-current (Note 3(d))	<u>865,318</u>	<u>868,054</u>	<u>468,816</u>	<u>460,650</u>
	<u>\$ 1,038,150</u>	<u>\$ 1,040,886</u>	<u>\$ 499,679</u>	<u>\$ 491,513</u>

In order to earn optimal financial returns at an acceptable level of risk, the Region's investment bylaw and policy establish benchmark and maximum asset mix ranges for fixed income investments and equities. The portfolio is rebalanced to the asset mix on a quarterly basis.

a) Interest Rate Risk

The Region manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

Fixed income investments have an effective yield of 4.30% per annum, an average duration of 6.5 years and the following maturity dates as at March 31, 2009:

1 - 5 years	42%
6 - 10 years	35%
Over 10 years	23%

Investments in equity securities are not exposed to significant interest rate risk.

b) Currency Risk

The Region is exposed to foreign exchange fluctuations on its investments denominated in foreign currencies. However, this risk is mitigated by the fact that the Region's investment bylaw limits non-Canadian equities to 50% of total equities.

c) Credit and Market Risks

The Region's investment bylaw restricts the types and proportions of eligible investments. Money market investments are limited to a rating of R1 or A1 or higher and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB rated bonds or higher and to no more than 40% of the total fixed income investments. No more than 10% may be invested in BBB rated bonds. Equities are comprised of publicly traded securities in major stock markets. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. Short selling is not permitted.

Note 3 Cash, Cash Equivalents and Investments (continued)

d) Non-current cash and investments represent the following:

	2009	2008
	(thousands of dollars)	
Deferred capital contributions (Note 7)	\$ 773,757	\$ 771,392
Capital contributions receivable from Alberta Health and Wellness	(22,749)	(475,727)
Capital accounts payable and accrued liabilities	84,553	63,119
Externally restricted for long-term care partnership projects (Note 18)	29,757	34,017
Other restricted contributions invested in bonds and equities	-	76,015
	<u>\$ 865,318</u>	<u>\$ 468,816</u>

Note 4 Capital Assets

	2009	2008
	Net Book Value	Net Book Value
	(thousands of dollars)	
	(Restated) (Note 24)	
Facilities and improvements	\$ 932,840	\$ 765,235
Work in progress	940,754	658,839
Equipment	150,625	162,355
Information systems	115,974	119,989
Leased facilities and improvements	95,975	83,932
Land ^(a)	52,917	52,624
Building service equipment	35,762	37,641
Land improvements	3,385	3,735
	<u>\$ 2,328,232</u>	<u>\$ 1,884,350</u>

	Cost				Balance
	Balance	Transfers	Additions	Disposals	March 31,
	April 1, 2008				2009
	(thousands of dollars)				
Facilities and Improvements	\$ 1,232,528	\$ 219,962	\$ -	\$ (78,000)	\$ 1,424,490
Work in progress	658,839	(272,652)	554,567	-	940,754
Equipment	415,893	(2,717)	32,693	(41,380)	404,419
Information systems	217,227	29,926	-	(5,146)	242,007
Leased facilities and improvements	111,245	23,400	-	(2,391)	132,254
Land ^(a)	52,624	293	-	-	52,917
Building service equipment	64,710	1,762	-	(3,762)	62,710
Land improvements	8,759	26	-	(1,277)	7,508
	<u>\$ 2,761,825</u>	<u>\$ -</u>	<u>\$ 587,190</u>	<u>\$ (81,956)</u>	<u>\$ 3,267,059</u>

Accumulated Amortization				
Balance April 1, 2008	Amortization	Disposals		Balance March 31, 2009
(thousands of dollars)				
Facilities and improvements	\$ 467,293	\$ 45,692	\$ (21,335)	\$ 491,650
Equipment	253,538	39,629	(39,373)	253,794
Information systems	97,238	33,531	(4,736)	126,033
Leased facilities and improvements	27,313	11,348	(2,382)	36,279
Building service equipment	27,069	3,245	(3,366)	26,948
Land improvements	5,024	328	(1,229)	4,123
	<u>\$ 877,475</u>	<u>\$ 133,773</u>	<u>\$ (72,421)</u>	<u>\$ 938,827</u>

Note 4 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Region at nominal values:

Site	Provided by	Lease Expiry
Alberta Children's Hospital	University of Calgary	December 21, 2101
Foothills Medical Centre parkade	University of Calgary	July 30, 2054
Banff Health Unit	Mineral Springs Hospital	January 30, 2028

(b) Asset Retirement Obligations

The Region has recorded a liability for an asset retirement obligation of \$2,409,026 (2008 - \$4,118,000) (Note 8). The asset retirement obligation represents the legal obligations associated with the removal of asbestos during planned renovations at the Foothills Medical Centre. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

(c) Funding

Capital assets have been funded from the following sources:

	2009	2008
	(thousands of dollars)	
Externally funded (non-amortized external capital contributions)	\$ 1,879,405	\$ 1,526,513
Internally funded (investment in capital assets)	278,012	238,540
Funded by debt	170,815	119,297
	<u>\$ 2,328,232</u>	<u>\$ 1,884,350</u>

Note 5 Other Assets

	2009	2008
	(thousands of dollars)	
Grants receivable from East Central Health (Note 23)	\$ 11,742	\$ -
Goodwill	-	25,804
Intangible asset - premise leases (net of accumulated amortization of \$213 (2008 - \$142))	230	301
Forgivable mortgage receivable - non-current portion	<u>2,828</u>	<u>2,973</u>
	<u>\$ 14,800</u>	<u>\$ 29,078</u>

As at March 31, 2009, the Region recorded goodwill impairment of \$25,804,000 within Support Services on the Consolidated Statement of Operations related to the purchase of CLS in 2006. This impairment is due to the announcement during the year of a new and fully integrated provincial health service delivery model, Alberta Health Services effective April 1, 2009. Prior to this announcement, CLS and its management provided almost all of the clinical laboratory services required by the Calgary Health Region. Effective April 1, 2009 CLS and its management join the clinical laboratory service providers of the other entities within AHS to become one fully integrated provincial clinical laboratory.

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Current:		
Inpatient acute nursing services	\$ 25,165	\$ 21,136
Emergency and outpatient services	13,493	19,931
Continuing care services	8,505	11,628
Community-based care	9,907	16,159
Diagnostic and therapeutic services	7,425	7,555
Promotion, prevention and protection services	6,007	5,978
Research and education	8,206	6,345
Information technology	396	1,291
Support services	31,873	4,154
Other	<u>1,382</u>	<u>1,148</u>
	<u>112,359</u>	<u>95,325</u>
Non-current:		
Alzheimer/dementia facility	2,828	2,973
Long-term care partnership projects (Note 18)	<u>32,764</u>	<u>32,299</u>
	<u>35,592</u>	<u>35,272</u>
	<u>\$ 147,951</u>	<u>\$ 130,597</u>

Note 7 Deferred Capital Contributions

Balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	(Restated) (Note 24)
Facilities and improvements	\$ 657,259	\$ 642,170
Information systems	102,313	114,292
Equipment	14,185	14,930
	<u>\$ 773,757</u>	<u>\$ 771,392</u>

Note 8 Long-term Debt

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
	(thousands of dollars)			
Debentures payable: ^(a)				
Parkade loan #1	\$51,366	\$ 50,722	\$ 53,601	\$ 52,614
Parkade loan #2	45,943	45,664	47,947	47,238
Parkade loan #3	57,375	55,000	-	-
Calgary Laboratory Services purchase	30,522	28,535	35,865	34,109
	<u>\$185,206</u>	<u>179,921</u>	<u>\$137,403</u>	<u>133,961</u>
Obligation under capital lease:				
Building ^(b)	<u>\$18,974</u>	<u>15,724</u>	<u>\$19,754</u>	<u>16,097</u>
Asset retirement obligation (Note 4(b))		<u>2,409</u>		<u>4,118</u>
		<u>\$198,054</u>		<u>\$154,176</u>
Current	\$ 12,135		\$ 11,353	
Non-current	<u>185,919</u>		<u>142,823</u>	
	<u>\$198,054</u>		<u>\$154,176</u>	

- (a) The Region issued debentures to Alberta Capital Financing Authority (a Province of Alberta related party) to finance the construction of parkades and the purchase of the remaining 50.01% ownership interest in CLS. The Region has pledged as security for these debentures revenues derived directly or indirectly from the operations of all parking facilities being built, renovated, owned and operated by the Region.

Parkade loan #1 financed parkades at Foothills Medical Centre and Alberta Children's Hospital.

Parkade loan #2 financed parkades at Rockyview General Hospital, Peter Lougheed Centre and Sheldon M. Chumir Centre.

Parkade loan #3 financed parkades at South Health Campus and Foothills Medical Centre.

Note 8 Long-term Debt (continued)

- (b) The Region leases a building from the University of Calgary.

- (c) The maturity dates and interest rates are:

	Maturity Date	Interest Rate	
		Original	Market
Debentures payable:			
Parkade loan #1	September 2026	4.4025%	4.2625%
Parkade loan #2	September 2027	4.3870%	4.3339%
Parkade loan #3	March 2029	4.9150%	4.4410%
Calgary Laboratory Services purchase	May 2013	4.6810%	2.2683%
Obligation under capital lease	January 2028	6.5000%	4.4082%

- (d) The Region is committed to making payments as follows:

Year ending March 31	Debentures Principal Payments	Capital Lease Minimum Lease Payments
	(thousands of dollars)	
2010	\$ 11,125	\$ 1,383
2011	11,645	1,383
2012	12,190	1,383
2013	12,760	1,395
2014	9,804	1,453
Thereafter	122,397	21,204
	<u>\$ 179,921</u>	<u>28,201</u>
Less: interest		<u>(12,477)</u>
		<u>\$ 15,724</u>

Note 9 Long-term Employee Benefit Liabilities

(a) Supplemental Executive Retirement Plan

	2009	2008
	(thousands of dollars)	
Net accrued benefit obligation, beginning of year	\$ 12,905	\$ 11,397
Current service cost	1,278	1,591
Interest cost	768	694
Actuarial (gain) loss	(1,330)	88
Benefit payments	(1,879)	(865)
Net accrued benefit obligation, end of year	\$ 11,742	\$ 12,905
Net accrued benefit obligation	\$ 11,742	\$ 12,905
Unrecognized actuarial loss	(1,943)	(4,125)
Unrecognized prior service costs	(408)	(606)
Reported liability	\$ 9,391	\$ 8,174
Current service cost	\$ 1,278	\$ 1,591
Interest cost	768	694
Prior service cost amortization	198	175
Actuarial loss amortization	852	479
Net benefit cost	\$ 3,096	\$ 2,939
Assumptions:		
Discount rate for accrued benefit obligation	6.2%	5.2%
Discount rate for benefit cost	5.2%	5.2%
Expected average remaining service life of employees	9 years	9 years
Salary increase	4%	4%
Date of actuarial valuation - March 31, 2009		

The value of the accrued benefit obligation under the Plan is fully secured by a combination of contingent assets in the form of a letter of credit held by the trustee plus the balance in the refundable tax account held by the Canada Revenue Agency. The letter of credit is payable to the trustee only if a designated event as defined by the Plan occurs. A designated event includes, for example, the Region becoming insolvent or bankrupt and failing to meet certain Plan conditions.

The amount of the letter of credit has been calculated assuming the Plan has been terminated within the period April 1 to March 31 and all benefits settled in lump sum payments. The lump sum payment for each member is sufficient to purchase an annuity using the Plan's prescribed assumptions and to pay the member's income tax on the lump sum and interest thereon to the date of pension commencement. The required face amount for the letter of credit according to the trust agreement is 110% of the actuarial present value for each member plus 110% of a reasonable estimate of expenses less the assets in the refundable tax account. The face amount of the letter of credit is \$21,479,000 (\$18,430,000 for April 1, 2007 to March 31, 2008).

Note 9 Long-term Employee Benefit Liabilities (continued)

- (b) The Region participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Region's contributions to the plan during the year as determined by LAPP to provide for future benefits payable. Since January 1, 2009, the contribution rates for the employer were 8.46% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 11.66% for earnings above YMPE to the maximum allowed. The LAPP Board of Trustees conducts a full review of the plan's performance each year. If the performance deviates from the Board's economic and demographic assumptions, contribution rate changes may be necessary.

At December 31, 2008, LAPP reported a deficiency of \$4,413,971,000 (2007 - deficiency of \$1,183,334,000). The Region has insufficient information to determine its share of this deficit. Therefore, no obligation has been recorded.

(c) Pension expense

	2009	2008
	(thousands of dollars)	
Local Authorities Pension Plan	\$ 81,098	\$ 68,439
Defined contribution pension plans	9,642	8,821
Supplemental Executive Retirement Plan	3,096	2,939
	\$ 93,836	\$ 80,199

Note 10 Commitments and Contingencies

(a) Leases

The Region is contractually committed to future operating lease payments until 2025 as follows:

Year ending March 31	(thousands of dollars)
2010	\$ 18,396
2011	18,090
2012	17,885
2013	17,483
2014	16,854
Thereafter	71,105
	\$ 159,813

Note 10 Commitments and Contingencies (continued)**(b) Capital Assets**

The Region has the following outstanding contractual commitments for capital assets:

	2009 (thousands of dollars)
Facilities and improvements	\$ 1,375,052
Information systems	23,642
Equipment	4,348
	<u>\$ 1,403,042</u>

(c) Contracted Health Service Operators

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the Region. The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

(d) Legal

The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

Note 11 Budget

A preliminary business plan with a budgeted deficit of \$222.4 million was submitted to the Minister of Health and Wellness in early fiscal 2008-2009. Subsequent to the submission several revisions were submitted to the new AHS executive reflecting reclassifications between revenue and expense categories. The reported budget reflects the original \$222.4 million deficit and the classifications used for reporting and internal accountability.

Over the course of the fiscal year, the Minister provided additional funding for \$186,082,000. The Board has allocated these additional resources to address the expectations of the funding.

Note 12 Alberta Health and Wellness Contributions

	2009 (thousands of dollars)	2008 (thousands of dollars)
Unrestricted contributions	\$ 2,568,906	\$ 2,207,907
Restricted contributions recognized as revenue	<u>290,809</u>	<u>213,245</u>
	<u>\$ 2,859,715</u>	<u>\$ 2,421,152</u>

Note 13 Other Government Contributions

	2009 (thousands of dollars)	2008 (thousands of dollars)
Alberta Government		
Alberta Infrastructure	\$ 11,276	\$ 8,300
Other	18,911	17,704
Transition grant from East Central Health	20,615	-
Full cost adjustments:		
Fair value for use of non-owned acute care facilities (Note 19(c))	655	649
Fair value for use of non-owned non-acute care facilities	493	2,610
Unrestricted contributions		
Alberta government	239	307
Other government	<u>2,477</u>	<u>2,061</u>
	<u>\$ 54,666</u>	<u>\$ 31,631</u>

Note 14 Fees and Charges

	2009 (thousands of dollars)	2008 (thousands of dollars)
Acute care – inpatient	\$ 57,795	\$ 52,956
Acute care – outpatient	25,165	19,135
Continuing care	21,238	19,812
Other	7,430	6,554
Fees and charges – contracted operators:		
Continuing care	60,899	57,890
Other	<u>5,065</u>	<u>4,170</u>
	<u>\$ 177,592</u>	<u>\$ 160,517</u>

Note 15 Ancillary Operations

	2009				2008	
	(thousands of dollars)					
	Revenue	Direct Expenses	Amortization Expense	Deficiency of Revenue over Expenses	Revenue	Excess of Revenue over Expenses
Parking operations	\$ 21,790	\$ 15,200	\$ 4,550	\$ 2,040	\$ 19,950	\$ 3,672
Non-patient food services	11,772	11,192	25	555	11,355	522
Sales of goods and services	8,203	7,783	2	418	5,785	496
Rental operations	1,872	543	-	1,329	1,824	1,287
Administrative support to Calgary Health Trust (Note 19(d)(i))	-	4,492	-	(4,492)	-	(4,748)
	<u>\$ 43,637</u>	<u>\$ 39,210</u>	<u>\$ 4,577</u>	<u>\$ (150)</u>	<u>\$ 38,914</u>	<u>\$ 1,229</u>

These expenses are included in Support Services on the Consolidated Statement of Operations.

Note 16 Investment and Other Income

	2009	2008
	(thousands of dollars)	
Recoveries of services, drugs and materials	\$ 75,635	\$ 70,669
Investment income	4,957	21,301
Workers' Compensation Board special dividend	4,905	5,908
Other	10,826	11,992
	<u>\$ 96,323</u>	<u>\$ 109,870</u>

Investment income consists of interest income, gains/losses on disposal of investment, and foreign exchange gains/losses.

Note 17 Research and Education

Research and education expenses were funded from the following sources:

	2009	2008
	(thousands of dollars)	
Alberta Health and Wellness contributions:		
Restricted	\$ 36,869	\$ 32,368
Unrestricted	8,003	6,733
Other government contributions	322	69
Donations	1,512	1,157
Investment and other income	2,665	2,342
	<u>\$ 49,371</u>	<u>\$ 42,669</u>

Note 18 Long-term Care Partnership Projects

The Alberta Government has supported long-term care partnership projects by providing one time, up-front funding to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 24 years. These payments have a net present value of \$28,456,584 at March 31, 2009 (2008 - \$29,953,449) discounted at 2.5% (2008 - 2.9%). The investments have a market value at March 31, 2009 of \$31,189,269 (2008 - \$36,201,000) of which \$29,757,500 is classified as long-term. The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

	2009	2008
	(thousands of dollars)	
Included in deferred contributions:		
Current portion	\$ 2,195	\$ 2,184
Non-current portion	32,764	32,299
	<u>\$ 34,959</u>	<u>\$ 34,483</u>

Note 19 Related Parties**(a) Province of Alberta**

The Minister of Health and Wellness appoints the board members of Alberta Health Services. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Region and the Ministry are disclosed in the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, and the Notes to the Consolidated Financial Statements.

(b) Health Authorities and Boards

The Region shares a common relationship with other health authorities and boards through its relationship with the Province of Alberta. The Region had the following transactions with other health authorities and boards recorded on the Consolidated Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

Note 19 Related Parties (continued)

	2009	2008
Receivable	\$32,367	\$6,647
Payable	1,359	1,719
Revenue	64,408	36,802
Expense	10,189	11,211

(c) Primary Care Networks

The Region's share of the Primary Care Networks' contributions from Alberta Health and Wellness, including amounts received less amounts recognized as revenue in the year, are as follows:

	2009	2008
	(thousands of dollars)	
Deferred contributions, beginning of year	\$ 9,244	\$ 11,162
Contributions from Alberta Health and Wellness	16,986	10,385
Amounts recognized as revenue	(19,012)	(12,303)
Deferred contributions, end of year	\$ 7,218	\$ 9,244

(d) Foundations

(i) Calgary Health Trust

The Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region, and to hold funds for its own account and, without restriction, to manage endowment funds received from any source. The Trust is a registered charity under the Income Tax Act (Canada). The Calgary Health Trust is not consolidated in these financial statements.

Note 19 Related Parties (continued)

The Region, the Trust, and the University of Calgary (the "University") are collaborating in a joint fundraising initiative branded "Reach!". The purpose of Reach! is to employ the expertise of the participants to create specific donor opportunities and raise philanthropic capital to achieve new world standards of health care. Under the initiative, the Trust receives donations and makes grants to the Region, the University and other health-related organizations as requested by the donors.

The following aggregated financial information of the Trust is presented using the same accounting policies as the Region.

	Calgary Health Trust	
	2009	2008
	(thousands of dollars)	
Revenue	\$ 51,530	\$ 34,721
Expenses	50,518	33,726
Excess of revenue over expenses	\$ 1,012	\$ 995
Total assets	\$ 95,675	\$ 108,062
Total liabilities	(80,886)	(90,239)
Net assets	\$ 14,789	\$ 17,823
Resources held by the Trust:		
Endowments	\$ 13,777	\$ 16,799
Unrestricted	1,012	1,024
Deferred contributions	73,371	76,599

Transactions in the normal course of operations between the Region and the Trust are as follows:

	2009	2008
	(thousands of dollars)	
Grants and administrative support provided to the Trust for operating expenses	\$ 4,492	\$ 4,748
Charitable disbursements received by the Region	19,566	11,821
Accounts payable to the Region	(43)	(273)
Fair value for use of office space provided by the Region - not included in administrative support	350	350

Note 19 Related Parties (continued)

(ii) Other Foundations

The Region has economic interests in several foundations which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region. These foundations are not consolidated in these financial statements. The foundations are registered charities under the Income Tax Act (Canada). The foundations are:

Alberta Children's Hospital Foundation
 Canmore and Area Health Care Foundation
 Claresholm and District Health Foundation
 High River District Health Care Foundation
 Oilfields/Okotoks Health Foundation
 Rosebud Health Foundation
 Strathmore District Health Foundation

(e) Contracted Health Service Operators

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	Direct Regional Funding	Fees and Charges and Other Income	Full Cost Adjustments	Total
	(thousands of dollars)			
2009				
Voluntary health service providers	\$ 91,214	\$ 25,019	\$ 655	\$ 116,888
Private health service providers	157,942	41,266	-	199,208
	<u>\$ 249,156</u>	<u>\$ 66,285</u>	<u>\$ 655</u>	<u>\$ 316,096</u>
2008				
Voluntary health service providers	\$ 76,964	\$ 23,282	\$ 649	\$ 100,895
Private health service providers	142,526	39,370	-	181,896
	<u>\$ 219,490</u>	<u>\$ 62,652</u>	<u>\$ 649</u>	<u>\$ 282,791</u>

Note 19 Related Parties (continued)

(f) University of Calgary

The University is considered a related party as the Province of Alberta appoints the board members of both the Region and the University. Transactions in the normal course of operations between the Region and the University recorded at their exchange amounts are as follows:

	2009	2008
	(thousands of dollars)	
Amount included in expenses ⁽ⁱ⁾	\$ 40,000	\$ 37,000
Amount included in revenue ⁽ⁱⁱ⁾	23,000	18,000
Net payable by the Region to the University	3,000	11,500

⁽ⁱ⁾ The Region pays to the University amounts related to: physicians; research projects, studies and grants; programs; and support services.

⁽ⁱⁱ⁾ The Region receives from the University amounts related to: utilities; salaries and benefits; and materials, supplies and overheads.

The Region leases a building from the University (Note 8(b)).

Note 20 Trust Funds

The Region receives funds in trust from Alberta Health and Wellness to pay other Regional Health Authorities for certain programs coordinated by the Region. The Region receives other funds in trust for research and development, education and other programs. The Region receives funding from Alberta Health and Wellness for the Primary Care Networks; the Region uses these funds to cover the Primary Care Networks' expenditures until they make their own banking arrangements. The Region also receives funds in trust from continuing care residents for personal expenses. These amounts are not reflected in these consolidated financial statements.

	2009	2008
	(thousands of dollars)	
Balance of funds held by the Region:		
Alberta Health and Wellness	\$ 9,643	\$ 31,879
Research and development, education and other programs	5,585	5,036
Primary Care Networks	3,151	3,286
Continuing care residents	650	537
	<u>\$ 19,029</u>	<u>\$ 40,738</u>

Note 21 Accumulated Deficit

The health region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Note 22 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities including the Region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities including the Region will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

Note 23 Transition and Restructuring Costs

As at March 31, 2009, the Region recorded transition costs and restructuring expenses in the Consolidated Statement of Operations. The expenses consist of severance and termination benefits, professional services, consulting costs and other applicable transition expenses. In the Consolidated Statement of Operations, these expenses are included in Administration, Support Services and Information Technology.

	Severance- Related Charges	Other Charges (thousands of dollars)	Total
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts expensed	6,619	1,067	7,686
Amounts capitalized	-	4,258	4,258
Payments made during the year	(3,827)	(1,067)	(4,894)
Liability as at March 31, 2009	\$ 2,792	\$ 4,258	\$ 7,050
Unfunded Supplemental Executive Retirement Plan	\$ -	\$ 12,929	\$ 12,929

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of the Region's Supplemental Executive Retirement Plan. The Region has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year. The Region has also recorded a current receivable from East Central Health for the amount of any lump sum supplementary executive retirement plan payments during the year as part of a severance package.

Note 24 Prior Period Adjustment

During the year, the Region identified and corrected errors from prior years. These errors and related adjustments to previously reported balances are as follows:

- (a) Liabilities related to one capital project were not recorded at March 31, 2008.
- (b) Various capital projects were not amortized on a timely basis for the period from 2002 to 2008.
- (c) The Region reviewed the internal/external funding split in the capital assets sub-ledger and identified capital assets that were previously reported with incorrect funding sources for the period from 1999 to 2008.

	As Originally Reported (Note 25)	(a)	(b)	(c)	As Restated
			(in thousands)		
For the year ended March 31, 2008					
Revenue	\$2,855,095	\$ -	\$ 972	\$ 198	\$2,856,265
Expenses	2,952,641	-	2,178	-	2,954,819
Deficiency of revenue over expenses	(97,546)	-	(1,206)	198	(98,554)
As at March 31, 2008					
Capital assets	1,882,951	3,737	(2,338)	-	1,884,350
Accounts payable and accrued liabilities	281,525	3,737	-	-	285,262
Deferred capital contributions	774,455	(3,737)	-	674	771,392
Unamortized external capital contributions	1,521,363	3,737	(1,330)	2,743	1,526,513
Unrestricted net assets	(192,354)	-	-	(674)	(193,028)
Investment in capital assets	247,480	-	(1,008)	(2,743)	243,729
As at March 31, 2007					
Net assets	176,480	-	199	(3,515)	173,064

Note 25 Comparative Figures

Certain 2008 figures have been reclassified to conform to 2009 presentation.

Note 26 Approval of Financial Statements

These consolidated financial statements have been approved by the Alberta Health Services Board.

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Schedule 1

	2009		2008
	Budget	Actual	Actual
	(Note 11)		(Restated) (Note 24)
Salaries and benefits (Schedule 2)	\$ 1,768,853	\$ 1,764,059	\$ 1,579,404
Contracts with health service operators	394,002	408,745	357,792
Contracts under the Health Care Protection Act	17,586	16,354	16,914
Drugs and gases	96,633	97,792	92,601
Medical and surgical supplies	124,671	126,457	117,513
Other contracted services ^(a)	398,268	428,423	377,146
Interest on long-term debt	6,864	6,812	6,176
Goodwill impairment (Note 5)	-	25,804	-
Other ^(b)	341,815	320,724	292,231
	<u>3,147,692</u>	<u>3,195,170</u>	<u>2,839,777</u>
Amortization:			
Capital equipment – internally funded	15,959	7,321	8,276
Capital equipment – externally funded	36,258	34,725	33,119
Information systems – internally funded	13,132	17,336	10,165
Information systems – externally funded	15,984	16,195	15,096
Facilities and improvements – internally funded	11,550	11,509	9,850
Facilities and improvements – externally funded	38,244	56,223	38,466
Intangible assets – internally funded	71	71	70
	<u>131,198</u>	<u>143,380</u>	<u>115,042</u>
	<u>\$ 3,278,890</u>	<u>\$ 3,338,550</u>	<u>\$ 2,954,819</u>

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Schedule 1 (continued)

^(a) Other contracted services include the following:

	2009	2008
		(Restated) (Note 24)
Medical purchased services	\$ 282,115	\$ 232,704
Other purchased services	131,932	128,535
Legal fees	3,480	3,569
Other professional fees	10,896	12,338
	<u>\$ 428,423</u>	<u>\$ 377,146</u>

^(b) Other includes the following:

	2009	2008
		(Restated) (Note 24)
Clinical lab and therapeutic supplies	\$ 51,393	\$ 45,902
Utilities	38,893	35,472
Rented space	34,578	30,731
Equipment maintenance	29,422	25,033
Minor equipment	22,797	22,186
Department and office supplies	22,306	20,751
Food supplies	20,828	19,207
Repairs and maintenance	19,985	17,290
Communication and education	19,319	24,176
Recruitment and travel	18,060	16,362
Housekeeping and laundry supplies	9,776	9,990
Plant maintenance and equipment supplies	7,289	6,353
Insurance	4,733	4,477
Other	21,345	14,301
	<u>\$ 320,724</u>	<u>\$ 292,231</u>

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009							2008	
	FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(i)}	Subtotal	Number of Individuals	Severance ^(e)	Total	
Board Chair ^(g)									
Ken Hughes – AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -
David Tuer	0.12	-	7	1	8	-	-	8	1.00 39
Board Members ^(g)									
Jack Ady – AHS	0.88	-	-	-	-	-	-	-	-
Pierre Crevolin – AHS	0.21	-	-	-	-	-	-	-	-
Catherine Roozen – AHS	0.63	-	-	-	-	-	-	-	-
Linda Hohol – AHS	0.88	-	-	-	-	-	-	-	-
John Lehnert – AHS	0.88	-	-	-	-	-	-	-	-
Irene Lewis – AHS	0.88	-	-	-	-	-	-	-	-
Don Sieben – AHS	0.88	-	-	-	-	-	-	-	-
Lori Andreachuk – AHS	0.33	-	-	-	-	-	-	-	-
Gord Bontje – AHS	0.33	-	-	-	-	-	-	-	-
Teri Lynn Bougie – AHS	0.33	-	-	-	-	-	-	-	-
Jim Clifford – AHS	0.33	-	-	-	-	-	-	-	-
Strater Crowfoot – AHS	0.33	-	-	-	-	-	-	-	-
Tony Franceschini – AHS	0.33	-	-	-	-	-	-	-	-
Andreas Laupacis – AHS	0.33	-	-	-	-	-	-	-	-
Gord Winkel – AHS	0.33	-	-	-	-	-	-	-	-
Courtney Rousseau	0.12	-	5	-	5	-	-	5	1.00 23
Diane Caleffi	0.12	-	6	-	6	-	-	6	1.00 10
George Pinchbeck	0.12	-	7	-	7	-	-	7	1.00 23
Gordon McPherson	0.12	-	6	-	6	-	-	6	1.00 18
Loreen Gilmour	0.12	-	3	1	4	-	-	4	1.00 12
Lynn Martin	0.12	-	6	1	7	-	-	7	1.00 22
Mairi Matheson	0.12	-	5	-	5	-	-	5	1.00 8
Marjorie Ricketts	0.12	-	5	-	5	-	-	5	1.00 13
Myron Kanik	-	-	-	-	-	-	-	-	0.46 3
N.D. (Skip) McDonald	0.12	-	1	-	1	-	-	1	1.00 4
Nancy Laird	0.12	-	1	-	1	-	-	1	1.00 2
Robert Moskovitz	-	-	-	-	-	-	-	-	0.24 3
Sandy Dougall	0.12	-	3	-	3	-	-	3	1.00 8
	10.20	\$ -	\$ 55	\$ 3	\$ 58	-	\$ -	\$ 58	12.70 \$ 188

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009							2008		
	FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(f)}	Subtotal	Number of Individuals	Severance ^(e)	Total	FTE's ^(a)	Total
Board Direct Reports ^(h)										
President and Chief Executive Officer - AHS ⁽ⁱ⁾	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Contracted Service - Interim Chief Executive Officer - AHS ⁽ⁱ⁾	0.88	-	-	-	-	-	-	-	-	-
Chief Executive Officer ^{(i) (l)}	0.27	106	78	484	668	1	1,671	2,339	1.00	1,335
Medical Officer of Health	1.00	257	46	97	400	-	-	400	1.00	334
Chief Audit Executive ⁽ⁱ⁾	1.00	223	39	60	322	-	-	322	1.00	218
CEO Direct Reports ^(k)										
President and Chief Operating Officer ^{(l) (i)}	1.00	316	140	203	659	-	-	659	1.00	612
Interim President and Chief Operating Officer ^(l)	0.71	171	29	39	239	-	-	239	-	-
Executive Vice President, Risk Management and CFO ^{(m) (i)}	1.00	314	140	618	1,072	1	782	1,854	1.00	589
Senior Vice President, Planning and Capital Development ^(j)	1.00	210	29	43	282	-	-	282	1.00	411
Senior Vice President, People and Learning ^{(n) (i)}	0.02	5	1	3	9	-	-	9	1.00	412
Senior Vice President, Interprofessional Practice and Chief Nursing Officer ^{(o) (i)}	0.38	98	20	118	236	1	535	771	0.23	118
Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio ^(p)	1.00	380	95	104	579	-	-	579	0.23	116
Senior Vice President, Advanced Technology and Enterprise Reporting ^(q)	1.00	334	71	155	560	-	-	560	0.23	99
Senior Vice President, Communications and Community Relations	-	-	-	-	-	-	-	-	0.78	482
Senior Vice President, Wellness ^(r)	0.51	107	18	71	196	1	327	523	0.77	297
Senior Vice President, South Health Campus	1.00	258	56	27	341	-	-	341	0.23	47
Vice President, Strategic Health Planning	1.00	232	39	64	335	-	-	335	0.23	66
Acting Senior Vice President, Patient Experience and Advocacy	-	-	-	-	-	-	-	-	0.42	57
Senior Vice President and Advisor Patient Experience and Advocacy	-	-	-	-	-	1	382	382	0.88	511
Vice President, Government Relations and Assistant Corporate Secretary ^{(s) (i)}	1.00	189	40	49	278	-	-	278	1.00	255
	12.79	3,200	841	2,135	6,176	5	3,697	9,873	12.00	5,959
Total Board and Executive	22.99	\$ 3,200	\$ 896	\$ 2,138	\$ 6,234	5	\$ 3,697	\$ 9,931	24.70	\$ 6,147

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009							2008		
	FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(f)}	Subtotal	Number of Individuals	Severance ^(e)	Total	FTE's ^(a)	Total
Board and executive	22.99	\$ 3,200	\$ 896	\$ 2,138	\$ 6,234	5	\$ 3,697	\$ 9,931	24.70	\$ 6,147
Management reporting to CEO direct reports	20.53	4,123	509	1,039	5,671	5	1,668	7,339	18.60	5,407
Other managers	947.71	95,541	2,181	16,980	114,702	28	2,660	117,362	915.93	111,684
Medical doctors	79.36	17,838	296	525	18,659	1	83	18,742	71.64	18,321
Regulated nurses:										
RNs, RPNs, grad nurses	6,329.88	517,630	39,774	86,146	643,550	3	140	643,690	6,143.11	599,871
LPNs	749.44	39,984	2,771	6,514	49,269	-	-	49,269	708.67	41,489
Other health technical and professional	4,816.58	319,068	10,398	59,957	389,423	5	186	389,609	4,324.79	351,191
Unregulated health service	1,962.36	81,069	3,184	13,242	97,495	-	-	97,495	1,844.68	82,253
Other staff	7,039.13	349,662	10,470	69,756	429,888	41	734	430,622	6,661.96	363,041
Total	21,967.98	\$ 1,428,115	\$ 70,479	\$ 256,297	\$ 1,754,891	88	\$ 9,168	\$ 1,764,059	20,714.08	\$ 1,579,404

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan

	2009			2008			
	Current Service Cost	Other SERP Costs	Total	Total	Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
Chief Executive Officer ^(u)	\$ 74	\$ 395	\$ 469	\$ 704	\$ 4,028	\$ (303)	\$ 3,725
Medical Officer of Health	33	44	77	121	421	57	478
Chief Audit Executive	26	17	43	12	170	27	197
President and Chief Operating Officer	101	98	199	186	872	43	915
Interim President and Chief Operating Officer	27	8	35	-	74	25	99
Executive Vice President, Risk Management and CFO ^(u)	91	520	611	181	1,001	(1,001)	-
Senior Vice President, Planning and Capital Development	24	18	42	57	265	14	279
Senior Vice President, People and Learning	24	39	63	50	165	(165)	-
Senior Vice President, Interprofessional Practice and Chief Nursing Officer ^(u)	17	94	111	138	839	(207)	632
Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio	75	22	97	86	242	92	334
Senior Vice President, Advanced Technology and Enterprise Reporting	101	33	134	120	311	145	456
Senior Vice President, Communications and Community Relations	-	-	-	53	-	-	-
Senior Vice President, Wellness ^(u)	16	47	63	81	494	(12)	482
Senior Vice President, South Health Campus	19	1	20	-	-	17	17
Vice President, Strategic Health Planning	24	20	44	42	193	18	211
Vice President, Government Relations and Assistant Corporate Secretary	19	10	29	17	80	7	87

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 35,597 (2008 – 33,767). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
- d. Other non-cash benefits include:
 - Employer’s current and prior service cost of supplementary executive retirement plan per (f) below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
 - Employer’s share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(e) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

- g. On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. This position was held by two incumbents during the year.
- k. CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted in (l) through (s) below.
- l. This position was held by two incumbents during the year. Effective July 8, 2008:
- The President and Chief Operating Officer of the Region transitioned to the Chief Operating Officer - Urban - AHS. Costs incurred are reported in the accounts of the Region.
 - The Interim President and Chief Operating Officer was appointed for the Region.
- m. Effective July 8, 2008 the Executive Vice President, Risk Management and Chief Financial Officer of the Region was also appointed the Interim Chief Financial Officer - AHS. Costs incurred are reported in the accounts of the Region. Effective March 31, 2009 the incumbent departed.
- n. Effective April 7, 2008, the incumbent retired. Due to organization restructuring from April 7, 2008 to July 28, 2008 this position reported to the Interim President and Chief Operating Officer, and is included in Management reporting to CEO Direct Reports. Effective July 28, 2008, the Interim Senior Vice President of Human Resources - AHS was appointed and reported to the Interim Chief Operating Officer, Corporate Services - AHS. Effective December 1, 2008 the position transitioned to the Interim Human Resources Lead and Vice President, Total Rewards and Human Resource Analytics and reported to the Special Assistant to the Chief Executive Officer, Corporate Services - AHS. Costs incurred for the Interim Senior Vice President of Human Resources - AHS and the Interim Human Resources Lead and Vice President, Total Rewards and Human Resource Analytics are reported in the accounts of the Region.

CALGARY HEALTH REGION
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

- o. Due to organization restructuring, effective August 15, 2008 this position was assumed by the Interim President and Chief Operating Officer. Costs are captured in (l) above.
- p. Effective February 6, 2009 the Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio transitioned to the Senior Physician Executive – AHS. Costs incurred are reported in the accounts of the Region.
- q. Effective November 20, 2008 the Senior Vice President, Advanced Technology and Enterprise Reporting of the Region was also appointed the Senior Vice President and Chief Information Officer - AHS. Costs incurred are reported in the accounts of the Region.
- r. Effective October 3, 2008 the incumbent retired. Subsequently, the Wellness portfolio was realigned to report to the Chief Operating Officer - Urban - AHS.
- s. Effective June 17, 2008 the Vice President, Government Relations and Assistant Corporate Secretary of the Region transitioned to Chief of Staff, Board Office - AHS. Costs incurred are reported in the accounts of the Region. Effective June 17, 2008 the Vice President, Government Relations and Assistant Corporate Secretary of the Region transitioned to the Vice President of Government Relations and Assistant Corporate Secretary - AHS. Costs incurred are reported in the accounts of the Region.
- t. These individuals are provided with an automobile allowance. Dollar amounts are included in other cash benefits (c) above.
- u. Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who departed within the 2008-09 fiscal period:

Name	Pension Income (not in thousands)	Frequency	Term
Chief Executive Officer	\$ 22,409	Monthly	Indefinite
Executive Vice President, Risk Management and CFO	1,186,758	Lump-Sum	One-Time
Senior Vice President, Interprofessional Practice and Chief Nursing Officer	3,919	Monthly	Indefinite
Senior Vice President, Wellness	2,991	Monthly	Indefinite

Capital Health

Consolidated Financial Statements

March 31, 2009

CAPITAL HEALTH CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2009

Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Schedule of Expenses by Object

Schedule 2 - Consolidated Schedule of Salaries and Benefits

CAPITAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2009

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The region members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of the Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

"Original signed"

Dr. Stephen Duckett
President and CEO - AHS

"Original signed"

Chris Mazurkewich
Executive Vice President & Chief Financial Officer -
AHS

"Original signed"

Colleen Purdy
Acting Chief Financial Officer

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of Capital Health (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

**CAPITAL HEALTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009
(thousands of dollars)**

	2009	2008
ASSETS		
Current assets:		
Cash, cash equivalents and investments (Note 3)	\$ 310,122	\$ 295,868
Accounts receivable:		
Contributions receivable from Alberta Health and Wellness	10,573	66,735
Other receivables	80,164	82,488
Investments	28,414	20,081
Prepaid expenses	19,977	105,975
	449,190	571,147
Contributions receivable	43,875	163,563
Loans - long-term care partnership projects (Note 4 (a))	41,942	43,597
Non-current cash and investments (Note 3)	674,255	679,721
Capital assets (Note 5)	1,734,933	1,450,120
TOTAL ASSETS	\$ 2,944,195	\$ 2,908,148
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 325,134	\$ 256,814
Accrued vacation pay	110,632	98,777
Deferred operating contributions (Note 6)	130,555	173,436
	566,321	529,027
Deferred operating contributions (Note 6)	2,767	3,736
Deferred capital contributions (Note 7)	703,915	828,553
Deferred contributions - long term care partnership projects (Note 4 (b))	43,462	45,136
Asset retirement obligation (Note 5 (c))	9,928	9,456
Life lease deposits (Note 8)	13,625	12,867
	773,697	899,743
Amortized external capital contributions	1,496,587	1,262,275
Net assets:		
Unrestricted deficiency	(102,671)	(21,023)
Cumulative net unrealized (losses)/gains on investments	(14,460)	6,957
Internally restricted funds		57,086
Accumulated (deficit) surplus (Note 9)	(117,131)	42,120
Investment in capital assets	224,621	174,983
	107,490	217,103
TOTAL LIABILITIES AND NET ASSETS	\$ 2,944,195	\$ 2,908,148

TOTAL LIABILITIES AND NET ASSETS

Commitments and contingencies (Note 10)

The accompanying notes and schedules are part of these consolidated financial statements.

**CAPITAL HEALTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)**

	2009		2008	
	Budget	Actual	Budget	Actual
	(Note 11)		(Note 11)	
Revenue				
Alberta Health and Wellness contributions (Note 12)	\$ 2,636,076	\$ 2,784,832	\$ 2,446,151	
Other government contributions (Note 13)	42,524	77,879	53,813	
Fees and charges	197,800	200,207	189,052	
Ancillary operations (Note 14)	44,800	51,290	49,325	
Research and education	35,900	29,684	37,728	
Investment and other income (Note 15)	108,100	103,843	100,188	
Amortization of external capital contributions	94,000	113,113	86,753	
TOTAL REVENUE	3,159,200	3,560,848	2,963,010	
Expense (Schedule 1)				
Inpatient acute care services	882,885	958,017	824,364	
Emergency and outpatient services	390,858	406,501	364,898	
Facility-based continuing care services	303,942	277,390	266,956	
Community-based care	149,811	161,558	110,420	
Home care	106,133	120,477	94,864	
Diagnostic and therapeutic services	617,049	651,581	570,757	
Promotion, prevention and protection services	79,430	87,308	74,015	
Research and education	133,150	104,001	100,380	
Administration	80,899	91,544	77,082	
Information technology	53,557	90,151	49,952	
Support services	427,886	469,174	412,289	
Amortization of facilities and improvements	32,000	38,355	35,535	
TOTAL EXPENSES	3,257,600	3,449,947	2,981,512	
Deficiency of revenue over expenses	\$ (98,400)	\$ (89,099)	\$ (18,502)	

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009					2008	
	Unrestricted (Deficiency)	Cumulative Net Unrealized Gains (Losses) on Investments	Internally Restricted Funds	Accumulated Surplus (Deficit)	Investment in Capital Assets	Total	Total
Balance at beginning of year	\$ (21,923)	\$ 6,957	\$ 57,086	\$ 42,120	\$ 174,983	\$ 217,103	\$ 235,392
Deficiency of revenue over expenses	(89,099)	-	-	(89,099)	-	(89,099)	-
Net transfers of internally restricted funds	57,086	-	(57,086)	-	-	-	(18,502)
Capital assets purchased with internal funds	(89,773)	-	-	(89,773)	89,773	-	-
Amortization of internally funded capital assets	40,047	-	-	40,047	(40,047)	-	-
Contribution of land	-	-	-	-	903	903	10,434
Capital asset write off	228	-	-	228	(228)	-	-
Cumulative net unrealized gains/(losses) on investments							
Unrealized loss on available for sale financial assets arising during the year	-	(19,418)	-	(19,418)	-	(19,418)	(10,349)
Reclassification adjustment for losses included in deficiency of revenue over expenses	-	(1,999)	-	(1,999)	-	(1,999)	128
Amortization of discount on life lease liability	760	-	-	760	(760)	-	-
Life lease deposits/(repayments)	3	-	-	3	(3)	-	-
Balance at end of year	<u>\$ (102,671)</u>	<u>\$ (14,460)</u>	<u>\$ -</u>	<u>\$ (117,131)</u>	<u>\$ 224,621</u>	<u>\$ 107,490</u>	<u>\$ 217,103</u>

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009		2008
	Budget (Note 11)	Actual	Actual
Operating activities:			
Deficiency of revenue over expenses	\$ (98,400)	\$ (89,099)	\$ (18,502)
Non-cash transactions:			
Amortization (Schedule 1)	126,000	129,431	103,496
Loss on disposal of capital assets	-	10,365	10,832
Write-off of capital assets	-	13,810	-
Amortization of external capital contributions	(94,000)	(113,331)	(86,900)
Amortization of discount on life lease deposits	550	760	549
Amortization of long-term care partnership non-current loan (Note 4)	1,701	1,655	1,701
Amortization of long-term care partnership deferred contributions (Note 4)	(1,701)	(1,655)	(1,701)
Asset retirement obligation	450	472	449
Amortization of bond discount	280	256	257
(Gain)/loss on disposal of investments	(130)	1,999	(128)
Change in non-cash working capital accounts	(18,748)	173,505	44,104
Cash (used by) generated from operations	(83,998)	128,168	54,657
Investing activities:			
Purchase of investments	(150,000)	(125,946)	(157,486)
Purchase of capital assets:			
Internally funded - equipment	(139,100)	(65,034)	(21,739)
Internally funded - facility and improvements	(42,200)	(23,739)	(21,837)
Externally funded - equipment	(31,000)	(87,317)	(99,177)
Externally funded - facility and improvements	(238,000)	(261,329)	(167,122)
Proceeds on sale of investments	160,000	120,684	157,433
Net unrealized gain/loss on investments	5,130	(21,417)	6,957
Long term care partnership projects (Note 4)	-	-	(640)
Allocations (from)/to non-current cash and investments	(31,360)	8,473	(210,762)
Cash used for investing activities	(476,530)	(456,625)	(514,373)
Financing activities:			
Deferred contributions	200	(969)	218
Capital contributions	300,000	224,480	485,187
Transfer for asset retirement obligation	-	(472)	(449)
Long-term care partnership projects (Note 4)	-	(19)	9
Change in contributions receivable	-	119,688	(9,289)
Life lease deposits received	190	3	619
Cash generated from financing activities	300,390	342,711	477,295
Net (decrease) increase in cash, cash equivalents and investments	(266,198)	14,254	17,579
Cash, cash equivalents and investments, beginning of year	295,868	295,868	278,289
Cash, cash equivalents and investments, end of year	\$ 35,700	\$ 310,122	\$ 295,868

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2009

Note 1 Authority, Purpose and Operations

Capital Health was established on June 24, 1994 under the authority of the Alberta Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. On May 26, 2003 under the Ministerial Order, the Health Authority was named Capital Health. Capital Health is exempt from payment of income tax and is a registered charity under the Income Tax Act. Effective April 1, 2009, Capital Health will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 20).

Capital Health's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

Capital Health geographic boundaries include the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert; the communities of Devon, Stony Plain, Sherwood Park, Evansburg, Morinville and Redwater; and the counties of Leduc, Parkland, Strathcona, Sturgeon and the eastern part of Yellowhead county.

Capital Health operations include the following:

- a) Acute Care Hospitals, Community Hospitals and Health Centres
 - University of Alberta Hospital
 - Stollery Children's Hospital
 - Royal Alexandra Hospital
 - Glenrose Rehabilitation Hospital
 - Grey Nuns Community Hospital (operated by Covenant Health)
 - Misericordia Community Hospital (operated by Covenant Health)
 - Sturgeon Community Hospital
 - Leduc Community Hospital
 - Devon General Hospital
 - Alberta Hospital Edmonton
 - Fort Saskatchewan Health Centre
 - Redwater Health Centre
 - Westview Health Centre
 - Evansburg Health Centre

Note 1 Authority, Purpose and Operations (continued)

- b) Innovative Primary Health Facilities
 - Northeast Community Health Centre
 - Health First Strathcona Primary Care Centre
 - Eastwood Primary Health Care Centre
- c) Continuing Care Facilities
 - Capital Care Group Inc. (wholly owned subsidiary of Capital Health):
 - Dickinsfield, Grandview, Norwood, Lynnwood, Kipness Centre for Veterans, Strathcona Care Centre, McConnell Care Centres, Laurier Houses, and Strathcona Alzheimer Care Centre
 - Aspen House
 - Edmonton General Hospital (operated by Covenant Health)
 - Private and Voluntary Continuing Care Providers:
 - 18 providers under contract operating at 34 sites
 - Supportive Living – Private and Voluntary Operators
 - 33 designated assisted living sites
 - 78 support homes
- d) Home Care - contracts with 17 agencies, 41 seniors residences/lodges and 428 self managed care contracts with individuals/guardians
- e) Public Health Clinics - 23 sites
- f) Public Health Speciality Clinics - 5 sites, 4 school health sites and 8 student health initiative partnership sites
- g) Medical Education (residents) - various facilities
- h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
- i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
- j) Provincial Laboratory at the University of Alberta Hospital site
- k) Community Rehabilitation Physiotherapy Clinics at 64 sites under contract and 4 public sites and 19 other contract rehabilitation service agreements (audiology, respiratory therapy, etc.)
- l) Ancillary Operations - non-patient food services, parking, and other commercial activities

In meeting its responsibilities under the Regional Health Authorities Act, Capital Health contracts with the Covenant Health (formerly Caritas Health Group) to provide certain acute care services as an integral part of Capital Health operations.

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

- (1) (i) These financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated. The entities consolidated are Capital Health and its wholly owned subsidiaries, Capital Care Group Inc., Capital Health Tele-Ophthalmology Inc., and Edmonton Heart Systems Inc. (Note 16).
- (ii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta.
- (iii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the following Primary Care Networks:
 - Edmonton Southside Primary Care Network
 - Edmonton Oliver Primary Care Network
 - Westview Primary Care Network
 - St. Albert and Sturgeon Primary Care Network
 - Leduc Beaumont Devon Primary Care Network
 - Edmonton West Primary Care Network
 - Edmonton North Primary Care Network
 - Sherwood Park Primary Care Network
- (2) These consolidated financial statements have been prepared using the deferral method of accounting for contributions. The key elements of our revenue recognition policies are:
 - (i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.
 - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred. Unspent contributions are recorded as deferred contributions.
 - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the capital asset is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

- (iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized gains or losses on the sale of investments. Unrealized gains and losses on available-for-sale investments are included directly in net assets or deferred contributions as appropriate, until the related investments are sold. Unrealized gains and losses on held-for-trading investments are included in investment income and recognized as revenue, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is deferred and recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Revenue from sales of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Capital Disclosure

Effective April 1, 2008, Capital Health Region adopted CICA Handbook Section 1535, Capital Disclosures ("CICA 1535"). CICA 1535 requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about the entity in regards to capital and whether the entity has complied with any capital requirements and if it has not complied, the consequences of such non-compliance.

For operating purposes, Capital Health defines capital as including working capital and accumulated surplus. For capital purposes, Capital Health defines capital as including deferred capital contributions, unamortized external capital contributions and investment in capital assets.

Capital Health's objective for managing capital is:

- (i) In the short-term, to safeguard Capital Health's financial ability to continue to deliver health services; and
- (ii) In the long-term, to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of Capital Health's operating funds are from Alberta Health & Wellness, which is paid on the first of each month. As a result, significantly less working capital is required. Capital Health monitors its working capital and cash flow forecasts.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosure (continued)

Alberta Health and Wellness approves health care facilities based on long term capital plans and provides the majority of the funding through one-time capital grants. Capital Health funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

When a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 9).

(c) Full Cost

Capital Health accounts for all expenses and revenues related to services carried out for which it is responsible at fair value. Fair value transactions recorded consist of the following:

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Capital Health. An equivalent amount is recorded as contracted health service operator expense of Capital Health.
- (ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue. An equivalent amount is recorded as program expenses as these payments represent part of the cost of Capital Health's health programs.
- (iii) The fair value for use of acute care facilities not owned by Capital Health is recorded as revenue from other government contributions and as program expenses, since contract payments from Capital Health do not include an amount for use of these facilities.
- (iv) The fair value for use of non-acute care facilities not owned by Capital Health and provided to Capital Health at zero or nominal rent is recorded as other government contributions and as program expenses.
- (v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist Capital Health in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(c). Capital Health records these investments on a settlement date basis and transaction costs associated with investment activities are capitalized and are included in the acquisition costs or reduce proceeds on disposal.

(e) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depends upon the classification. Financial assets and financial liabilities classified as "held-for-trading" are measured at fair value with changes in those fair values recognized in the Consolidated Statement of Operations. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in Net Assets until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

Capital Health has classified its significant financial assets and financial liabilities as follows:

Financial Assets and Liabilities	Classification
Cash and cash equivalents	Held-for-trading
Investments	Available-for-sale
Accounts receivable and contributions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued vacation pay	Other financial liabilities

Capital Health does not use hedge accounting and accordingly, it is not impacted by the requirements of Section 3865, Hedges.

When it is determined that an impairment of a financial instrument classified as available-for-sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Consolidated Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Consolidated Statement of Operations for a financial instrument classified as available-for-sale are not subsequently reversed.

The carrying values of current cash, accounts receivable, contributions receivable and accounts payable approximate their fair values due to the short-term nature of these items. It is management's opinion that Capital Health is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Employee Future Benefits

(i) Pension Obligation

Capital Health and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to this plan for which Capital Health has insufficient information to apply defined benefit plan accounting. Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. Capital Health does not record its portion of the pension plan's deficit or surplus.

Capital Health has a supplementary defined benefit plan for certain management staff. Capital Health benefit obligations are actuarially determined using the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. Net actuarial gains and losses of the benefit obligation are recognized as expense immediately. Past service costs are amortized over the average remaining service period of active employees - 5.8 years (2008 - 5.10 years).

Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The supplemental executive retirement benefit plan is unfunded.

(ii) Other Future Benefits

Capital Health provides its employees with basic life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits through benefits carriers. Capital Health's contribution to the extent that they do not relate to discretionary reserves, are recorded as expense.

Capital Health is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment are entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Employee Future Benefits (continued)

(ii) Other Future Benefits (continued)

Capital Health participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employers are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

Other benefit plans include employee and employer funded healthcare, dental, life insurance and long and short term disability plans.

Capital Health fully accrues its obligations for employee non-pension future benefits.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

Capital Health adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and capital projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5% - 10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress include infrastructure and information systems projects. Capital projects in progress are not amortized until the project is substantially complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to Capital Health are reported as acquisitions of capital assets financed by long-term obligations.

(i) Asset Retirement Obligation

Capital Health recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. Capital Health concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized as an operating expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

An asset retirement obligation related to the removal of hazardous material that would be required as part of a capital project is only recognized when there is approval from the Minister of Health and Wellness to proceed with the project.

(j) Trust Funds Received by Capital Health

Capital Health received trust funds from Alberta Health and Wellness that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. In addition, Capital Health administers funds received in trust from Alberta Health and Wellness for specific projects. These amounts are not reflected in the financial statements.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(k) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty that affect the reported amounts of assets and liabilities, revenue and expenses at the date of the consolidated financial statements.

Significant estimates include the impact of employee future benefits, other than temporary impairment of investments, accruals for payroll, asset retirement obligations, life lease deposits, capital projects in progress and useful lives of assets. Actual results could differ from these estimates.

Note 3 Cash, Cash Equivalents and Investments

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
	(thousands of dollars)			
Cash	\$ 787,998	\$ 787,998	\$ 762,078	\$ 762,079
Money market securities	15,328	15,339	15,593	15,555
Bonds	131,077	131,606	137,595	134,966
Equities	49,974	63,894	60,323	56,032
Total	<u>\$ 984,377</u>	<u>\$ 998,837</u>	<u>\$ 975,589</u>	<u>\$ 968,632</u>
Classified as:				
Current	\$ 310,122		\$ 295,868	
Non-current	<u>674,255</u>		<u>679,721</u>	
	<u>\$ 984,377</u>		<u>\$ 975,589</u>	

- (a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0 % to 100 % for fixed-income instruments and 0 % to 35 % for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

- (b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from April 2009 to December 2041. Bond yields to maturity range from 1.37% to 23.73% as at March 31, 2009 (2008 - 2.74 % to 7.64 %). The weighted average term to maturity is 9.3 years (2008 - 9.6 years).

Fixed income securities, such as bonds, have an average effective yield of 4.60 % per annum based on the market for securities maturing within a year, 3.50 % per annum for securities maturing between 1 and 3 years, 3.50 % per annum for securities maturing between 3 and 5 years, 5.60 % per annum for securities maturing between 5 and 7 years, 4.90 % per annum for securities maturing between 7 and 10 years and 4.80 % per annum for securities maturing over 10 years.

Note 3 Cash, Cash Equivalents and Investments (continued)

(b) (continued)

As at March 31, 2009 the securities have the following term structure:

	2009	2008
	%	%
Under 1 Year	11.9	-
1 to 5 years	34.8	39.4
5 to 10 years	31.8	30.7
Over 10 years	21.5	29.9
	<u>100.0</u>	<u>100.0</u>

- (c) Equities are comprised of publicly traded equities in Canadian and United States resident corporations.
- (d) Capital Health excludes from current cash funds that are subject to restrictions preventing its use for current purposes. Non current cash includes amounts restricted for commitments and other non current liabilities. Capital Health uses the matching concept where current cash is matched to current liabilities and non current cash to non current liabilities.

Non-current cash and investments held relate to the following:

	2009	2008
	(thousands of dollars)	(thousands of dollars)
Funds committed for long-term care partnership projects (Note 4)	\$ 43,462	\$ 45,136
Non-current loans - long-term care partnership projects (Note 4)	(41,942)	(43,597)
Deferred operating contributions (Note 6)	2,767	3,736
Deferred capital contributions (Note 7)	703,915	828,553
Contributions receivable	(43,875)	(163,563)
Asset retirement obligation (Note 5(c))	9,928	9,456
	<u>\$ 674,255</u>	<u>\$ 679,721</u>

Note 4 Long-term Care Partnership Projects

Capital Health uses the Forgivable Mortgage Model for reporting the receipt and advancement of funds for long-term care partnership projects. The Provincial Government supports partnerships between Capital Health and private, public or voluntary organizations by providing a one-time, up-front capital grant to Capital Health. These funds are recorded as deferred contributions - long-term care partnership projects; except for funds used by Capital Care Group Inc. to construct the Strathcona Care Centre and Kipnes Centre for Veterans, which are accounted for as deferred capital contributions. Capital Health in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Capital Health does not accrue interest on the loan as Capital Health will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years).

Capital Health amortizes loans - long-term care partnership projects to facility-based continuing care services and recognizes an equal amount of revenue as other government contributions through the amortization of deferred contributions long-term care partnership projects.

a) Loans - Long-term care partnership projects

	2009	2008
	(thousands of dollars)	(thousands of dollars)
Balance, beginning of year	\$ 43,597	\$ 44,658
Funds advanced for construction of facilities	-	640
Amount recognized as facility-based continuing care services expense	(1,655)	(1,701)
Balance, end of year	<u>\$ 41,942</u>	<u>\$ 43,597</u>

b) Deferred contributions - long-term care partnership projects

	2009	2008
	(thousands of dollars)	(thousands of dollars)
Balance, beginning of year	\$ 45,136	\$ 46,828
Net interest (paid) earned	(19)	9
Amount recognized as other government contribution revenue (Note 13)	(1,655)	(1,701)
Balance, end of year	<u>\$ 43,462</u>	<u>\$ 45,136</u>

Note 5 Capital Assets

	Cost (thousands of dollars)				
	Opening Balance April 1, 2008	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2009
Buildings	\$ 1,256,018	\$ -	\$ 225,203	\$ -	\$ 1,481,221
Parking lots	69,548	-	15,456	-	85,004
Land and improvements	30,065	-	-	-	30,065
Furniture and equipment	695,597	-	152,602	(27,038)	821,161
Equipment under capital lease	9,532	-	-	-	9,532
Leasehold improvements	5,022	-	1,757	(360)	6,419
Projects in progress ⁽¹⁾	392,288	-	43,401	(13,810)	421,879
Intangible asset - leases	8,552	-	-	-	8,552
	<u>\$ 2,466,622</u>	<u>\$ -</u>	<u>\$ 438,419</u>	<u>\$ (41,208)</u>	<u>\$ 2,863,833</u>

	Accumulated Amortization (thousands of dollars)						
	Opening Balance April 1, 2008	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008	
Buildings	\$ 461,567	\$ 35,727	\$ -	\$ 497,294	\$ 983,927	\$ 791,843	
Parking lots	32,641	2,849	-	35,490	49,514	36,907	
Land and improvements	4,055	3	-	4,058	26,007	26,010	
Furniture and equipment	497,344	88,858	(16,728)	569,474	251,687	198,253	
Equipment under capital lease	9,532	-	-	9,532	-	-	
Leasehold improvements	4,365	567	(305)	4,627	1,792	3,265	
Projects in progress ⁽¹⁾	-	-	-	-	421,879	392,288	
Intangible asset - leases	6,998	1,427	-	8,425	127	1,554	
	<u>\$ 1,016,502</u>	<u>\$ 129,431</u>	<u>\$ (17,033)</u>	<u>\$ 1,128,900</u>	<u>\$ 1,734,933</u>	<u>\$ 1,450,120</u>	

⁽¹⁾ Projects in progress include the Royal Alexandra Hospital redevelopment, University of Alberta Hospital operating rooms, Alberta Health Institute, other major capital upgrades and information technology projects under development.

(a) Land

Land at the following sites has been leased to Capital Health at nominal values:

Site	Leased From	Lease Period
McConnell Place North	City of Edmonton	Expires 2035
Northeast Community Health Centre	City of Edmonton	Expires 2048

Note 5 Capital Assets (continued)

(b) Capital assets have been funded from the following sources:

	2009 (thousands of dollars)	2008 (thousands of dollars)
Externally funded (unamortized external capital contributions)	\$ 1,496,687	\$ 1,262,275
Internally funded (investment in capital assets)	224,621	174,983
Financed through:		
Life lease deposits (Note 8)	<u>13,625</u>	<u>12,862</u>
	<u>\$ 1,734,933</u>	<u>\$ 1,450,120</u>

(c) Asset Retirement Obligation (amounts in thousands of dollars)

Capital Health has recorded a liability for asset retirement obligation of \$9,928 (2008 - \$9,456). The asset retirement obligation represents the legal obligation to remove asbestos from four Capital Health buildings. Amortization of facilities and improvements includes amortization of \$2,104 (2008 - \$2,104) related to asset retirement obligation. Interest of \$472 (2008 - \$449) is recorded on the asset retirement obligation. Revenue equal to the amortization expense is recorded as amortization of external capital contributions. Revenue equal to interest expense is recorded as other government contributions.

Note 6 Deferred Operating Contributions

The balance at the end of the year is restricted from the following sources:

	2009	2008
	(thousands of dollars)	
Current		
Alberta Health and Wellness	\$ 82,630	\$ 120,568
Other government contributions	383	5,469
Donations	38,879	38,736
Other contributions	8,663	8,663
	<u>130,555</u>	<u>173,436</u>
Non current	<u>2,767</u>	<u>3,736</u>
	<u>\$ 133,322</u>	<u>\$ 177,172</u>

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Facilities and improvements	\$ 534,859	\$ 599,084
Information systems	116,016	142,351
Equipment	<u>53,040</u>	<u>87,118</u>
	<u>\$ 703,915</u>	<u>\$ 828,553</u>

Note 8 Life Lease Deposits

Funding for the Laurier House facilities, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayment deposit, for the right to occupy the unit they are leasing. When the life lease agreement is terminated, which may be by death of the tenant or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the Life Lease Agreement. Capital Health has a liability for life lease deposits of \$13,625 (2008 - \$12,862) based on a discharge rate of 2.5% and a discount rate of 4%, representing the bank secured lending rate. The reported liability is based on estimates and assumptions with respect to events extending over a 4 year period using the best information available to management.

Note 9 Accumulated Surplus/(Deficit)

Capital Health's accumulated surplus/(deficit) comprises the following:

	2009	2008
	(thousands of dollars)	
Unrestricted deficiency	\$ (102,671)	\$ (21,923)
Cumulative net unrealized (losses)/gains on investments	(14,460)	6,957
Internally restricted net assets:		
Employee benefits rate stabilization reserve	-	14,020
Program funds	-	9,943
Equipment and information systems	-	33,123
	<u>\$ (117,131)</u>	<u>\$ 42,120</u>

In 2009, the Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

Capital Health has reported an accumulated deficit at March 31, 2009. Per Alberta Regulation 15/95 of the RHA Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Note 10 Commitments and Contingencies

(a) Operating Leases

Capital Health is committed to operating lease payments in future years as follows:

	(thousands of dollars)
For the year ending March 31	
2010	\$ 14,162
2011	13,444
2012	11,162
2013	7,503
2014	2,176
and thereafter	322
	<u>\$ 48,769</u>

The leases expire at various dates from 2010 to 2021.

(b) Capital Assets

Capital Health has the following outstanding contractual commitments for capital assets:

	2009 (thousands of dollars)
Capital projects	\$ 742,683
Information systems	3,668
Equipment	36,563
	<u>\$ 782,914</u>

(c) Contracted Health Services

Capital Health contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region. In addition Capital Health has ongoing contracts for laundry, laboratory, waste management, security and radiology services. Capital Health has contracted for services in the year ending March 31, 2009 similar to those provided by these operators in 2008.

Note 10 Commitments and Contingencies (continued)

(d) Contingencies

Capital Health has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against Capital Health. While it is not possible to estimate the ultimate liability with respect to the pending litigation, Capital Health believes there will be no material adverse effect on its financial position.

Note 11 Budget

The budget was prepared by management and accepted as information by the Capital Health Finance Committee of the Board on April 29, 2008, and submitted to the Minister of Health and Wellness. Over the course of the fiscal year, the Minister provided additional funding of \$100 million. Management has allocated these additional resources to address funding requirements.

Note 12 Alberta Health and Wellness Contributions

	2009 (thousands of dollars)	2008 (thousands of dollars)
Unrestricted funding	\$ 2,596,599	\$ 2,294,773
Transfers from deferred operating contributions	187,623	150,703
Alberta Health and Wellness payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	610	675
	<u>\$ 2,784,832</u>	<u>\$ 2,446,151</u>

Note 13 Other Government Contributions

	2009	2008
	(thousands of dollars)	
Alberta Infrastructure and Transportation	\$ 1,127	\$ 1,119
Alberta Mental Health Board	37,932	30,655
Transition grants from East Central Health	13,270	-
School health initiatives	7,763	6,438
Federal government projects	364	221
AADAC smoking cessation	904	794
Fair value of rent less rent charges for non-acute care facilities used by Capital Health	-	24
Fair value of use of non-owned acute care facilities	13,460	11,238
Amortization of long-term care partnership deferred contribution (Note 4)	1,655	1,701
Other	1,404	1,623
	<u>\$ 77,879</u>	<u>\$ 53,813</u>

Note 14 Ancillary Operations

	2009				2008	
	(thousands of dollars)					
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expenses	Revenue	Excess of Revenue over Expenses
Parking operations	\$ 16,569	\$ 6,648	\$ 2,939	\$ 6,982	\$ 15,006	\$ 7,308
Non-patient food services	15,867	15,417	30	420	15,420	1,225
Sale of goods and services	13,395	14,238	53	(896)	9,753	191
Other	5,459	2,234	8	3,217	9,146	2,893
	<u>\$ 51,290</u>	<u>\$ 38,537</u>	<u>\$ 3,030</u>	<u>\$ 9,723</u>	<u>49,325</u>	<u>\$ 11,617</u>

Ancillary expenses are reported in support services in the Consolidated Statement of Operations.

Note 15 Investment and Other Income

	2009	2008
	(thousands of dollars)	
Investment income	\$ 13,931	\$ 28,870
Other contributions	50,496	36,821
Sales and recoveries	39,416	34,497
	<u>\$ 103,843</u>	<u>\$ 100,188</u>

Investment income comprises interest, dividends, amortization of discount and premiums, net realized gains and losses on disposal of investments, and other than temporary impairment loss on financial assets classified as available-for-sale, which amounted to \$1,136.

Note 16 Related Parties

(a) Province of Alberta

The Minister of Health and Wellness appoints the members of Alberta Health Services Board. Capital Health is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

(b) Health Regions and Other Related Parties

Capital Health shares a common relationship with other health regions through its relationship with the Province of Alberta. Transactions between Capital Health and other health regions are reported in the consolidated financial statements.

Capital Health had the following transactions with other health regions recorded in the Consolidated Statement of Financial Position and Consolidated Statement of Operations at the amounts agreed upon by the related parties:

	Receivable from		Payable to	
	2009	2008	2009	2008
	(thousands of dollars)			
Ministry of Advanced Education	\$ -	\$ 830	\$ 6,364	\$ 6,136
Other Ministries	3,666	473	22	116
Health related boards	323	956	1,454	35
Other health regions	13,960	980	278	1,320
	<u>\$ 17,949</u>	<u>\$ 3,239</u>	<u>\$ 8,118</u>	<u>\$ 7,607</u>

	Revenue		Expenses	
	2009	2008	2009	2008
	(thousands of dollars)			
Ministry of Advanced Education	\$ 5,531	\$ 10,125	\$ 46,585	\$ 54,380
Other Ministries	5,099	5,916	768	792
Health related boards	39,607	33,668	2,116	248
Other health regions	19,580	13,433	12,636	4,330
	<u>\$ 69,817</u>	<u>\$ 63,142</u>	<u>\$ 62,105</u>	<u>\$ 59,750</u>

Note 16 Related Parties (continued)

(c) Primary Care Networks (thousands of dollars)

Capital Health's 50% interest in the Primary Care Networks are included in the consolidated financial statements using the proportionate consolidation method. Assets and liabilities of \$18,123 (2008 - \$16,130) and income and expenses of \$13,443 (2008 - \$10,317) have been included in the consolidated financial statements.

Contributions from Alberta Health and Wellness are as follows:

	2009	2008
	(thousands of dollars)	
Opening balance	\$ 15,184	\$ 11,011
Contributions from Alberta Health and Wellness	12,655	12,370
Amounts recognized as revenue	(11,038)	(8,197)
Amounts deferred	<u>\$ 16,801</u>	<u>\$ 15,184</u>

(d) Foundations

The following controlled foundations are not consolidated in these statements:

- Fort Saskatchewan Hospital Foundation
- Alberta Hospital Edmonton and Community Mental Health Foundation

Amounts held by the Foundations are not significant.

Note 16 Related Parties (continued)

(e) Foundations (continued)

Capital Health has an economic interest in the following foundations:

	Contributions Received ⁽¹⁾		Resources Held by Foundations		
			2009		
	2009	2008	Endowments & Externally Restricted	Internally Restricted	Unrestricted
(thousands of dollars)					
University Hospital Foundation	\$ 4,010	\$ 13,622	\$ 43,883	\$ 6,981	\$ 7,053
Royal Alexandra Hospital Foundation	1,185	2,708	24,309	797	(2,210)
Stollery Children's Hospital Foundation	1,563	2,818	6,922	15,368	-
Capital Care Foundation	587	640	1,069	180	351
Black Gold Health Foundation	-	99	788	-	45
Glenrose Foundation	468	255	1,193	1,576	538
Sturgeon Community Hospital Foundation	133	239	940	(178)	321
Council of Foundations	-	-	-	-	-
Tri Community Health & Wellness Foundation	-	-	15	4	67
Deven Hospital Foundation	30	105	23	-	301
	<u>\$ 7,977</u>	<u>\$ 20,486</u>	<u>\$ 78,647</u>	<u>\$ 25,728</u>	<u>\$ 6,458</u>

- (1) Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 16 Related Parties (continued)

(e) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2009	2008	2009	2008
	(thousands of dollars)			
University Hospital Foundation	\$ -	\$ -	\$ 213	\$ 370
Royal Alexandra Hospital Foundation	-	-	-	-
Stollery Children's Hospital Foundation	-	-	-	7
Capital Care Foundation	262	181	245	-
Black Gold Health Foundation	-	-	9	7
Glenrose Foundation	-	-	122	220
Sturgeon Community Hospital Foundation	-	-	129	125
Council of Foundations	-	-	-	-
Tri Community Health & Wellness Foundation (Stony Plain)	-	-	-	-
Devon Hospital Foundation	-	-	-	51
	<u>\$ 262</u>	<u>\$ 181</u>	<u>\$ 718</u>	<u>\$ 780</u>

(f) Other Voluntary Organizations

Capital Health has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations		
			2009		
	2009	2008	Endowments & Externally Restricted	Internally Restricted	Unrestricted
(thousands of dollars)					
The Friends of University Hospital	\$ 98	\$ 151	\$ -	\$ -	\$ -
Royal Alexandra Hospital Women's Auxiliary	-	-	-	-	-
Sturgeon Healthcare Auxiliary Volunteer Association	-	-	-	-	-
Glenrose Rehabilitation Hospital Women's Auxiliary	-	-	-	-	-
Stony Plain and District Health Centre Auxiliary	29	13	-	-	-
	<u>\$ 127</u>	<u>\$ 164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 17 Trust Funds (thousands of dollars)

Capital Health receives funds in trust from Alberta Health and Wellness for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year Capital Health received \$623 (2008 - \$10,085) and disbursed \$679 (2008 - \$9,201) for capital and facility repairs for non-owned facilities. The balance of funds held by Capital Health is \$1,003 (2008 - \$1,059).

Capital Health also receives trust funds from Alberta Health and Wellness for certain special programs that are not reported in the consolidated financial statements. The balance of funds held by Capital Health at the end of 2008/09, including interest where applicable, was \$215 (2008 - \$1,715).

Note 18 Employee Future Benefits (thousands of dollars)

(i) Pension Obligation

Capital Health participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Capital Health annual contributions payable. In the current fiscal year, employer contribution rates were 8.46% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 11.66% for earnings above YMPE. The LAPP Board of Trustees cautions that depending on LAPP's return on investments over the next few years and other factors such as interest rates, retirement rates and other demographic cost changes, further rate increases could be necessary. At December 31, 2008 LAPP reported a deficiency of \$4,413,971 (2008 - deficiency of \$1,183,334).

Note 18 Employee Future Benefits (amounts in thousands of dollars) (continued)

(ii) Supplemental Executive Retirement Plan

Capital Health has a non-contributory defined benefit supplemental executive retirement plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan is secured by a letter of credit from a financial institution. The plan's assets are held in a refundable tax account with the Canada Revenue Agency. An actuarial valuation of the accrued benefit obligation is completed at the end of each calendar year. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

	2009	2008
	(thousands of dollars)	
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 7,121	\$ 5,719
Current service cost	414	450
Interest cost	395	343
Prior service cost	-	431
Actuarial (gain) loss	(235)	305
Benefit payments	(701)	(127)
Accrued benefit obligation, end of year	<u>\$ 6,994</u>	<u>\$ 7,121</u>
Reconciliation of funded status of accrued benefit liability		
Plan deficit	\$ (6,844)	\$ (7,017)
Unamortized prior service costs	596	789
Accrued liability	<u>\$ (6,248)</u>	<u>\$ (6,228)</u>
Current service costs	414	450
Interest cost	395	343
Amortization of prior service costs	193	193
Amortization of net actuarial loss/(gain)	(235)	305
	<u>\$ 767</u>	<u>\$ 1,291</u>
Significant actuarial assumptions are as follows		
	2009	2008
Discount rate	7.00%	5.50%
Expected average remaining service life of employees	5.8 years	5.10 years
Salary increase	5.00%	5.00%
The above information is based on an actuarial valuation performed at December 31, 2008.		
Plan assets		
Market value of plan assets (held by Canada Revenue Agency)	<u>\$ 150</u>	<u>\$ 104</u>

Note 18 Employee Future Benefits (continued)

(iii) Pension Expense

Pension plan expense comprises the following:

	2009	2008
	(thousands of dollars)	
Local Authorities Pension Plan	\$ 81,769	\$ 70,554
Supplemental Executive Retirement Plan	767	1,291
	<u>\$ 82,536</u>	<u>\$ 71,845</u>

(iv) Other Future Benefits

Basic life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits are fully funded with benefits carriers. Capital Health paid \$38,318 (2008 - \$33,129) and drew down its discretionary reserves by \$3,281 (2008 - \$680 increase in discretionary reserves) resulting in a total expense of \$41,599 (2008 - \$33,809). Discretionary reserves of \$10,739 (2008 - \$14,020) are held by the benefits carriers in interest bearing accounts and are included in other receivables in the Consolidated Statement of Financial Position. There is no actuarial valuation completed; however, the plan funding for expenses and required reserves is based on actual experience.

Accumulated sick leave credits are calculated based on actual entitlements of current employee staff who qualify for this benefit. A liability of \$116 (2008 - \$119) and expense of \$3 (2008 - \$25) is recorded in the consolidated financial statements.

Supplementary unemployment benefit expense is based on actual payments and an accrual for incurred by not reported claims. A liability of \$347 (2008 - \$353) and expense of \$1,515 (2008 - \$1,540) is recorded in the consolidated financial statements.

Note 19 Transition Costs

As at March 31, 2009, Capital Health recorded incremental transition and restructuring expenses, related to the transition to Alberta Health Services, consisting of severance and termination benefits (Schedule 2), retention payments, professional services and consulting costs. These expenses are included in Support Services and Administration in the Consolidated Statement of Operations. Additional incremental expenses related to the transition to Alberta Health Services are also reported and disclosed in the financial statements of East Central Health.

	Severance Related	Other	Total
	(thousands of dollars)		
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Expenses	5,606	554	6,160
Payments made during the year	(5,023)	(314)	(5,337)
Liability as at March 31, 2009	<u>\$ 583</u>	<u>\$ 240</u>	<u>\$ 823</u>
Unfunded Supplemental Executive Retirement Plan	<u>\$ -</u>	<u>\$ 6,844</u>	<u>\$ 6,844</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and Capital Health has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of Capital Health's Supplemental Executive Retirement Plan. Capital Health has recorded a receivable from East Central Health for the amount of the accrued benefit obligation less plan assets at the end of the year.

Note 20 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities, including Capital Health, will be disestablished and all the assets, liabilities, rights and obligations of these entities will be assumed by East Central Health, whose name will change to Alberta Health Services ("AHS").

Note 21 Comparative Figures

Certain 2008 figures have been reclassified to conform to 2009 presentation.

Note 22 Approval of Financial Statements

These financial statements have been approved by the Alberta Health Services Board.

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Schedule 1

	2009		2008
	Budget	Actual	Actual
	(Note 11)		
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	\$ 1,564,739	\$ 1,603,142	\$ 1,394,968
Contracts with health service operators	820,373	893,892	770,304
Medical, consulting and other professional services	223,450	258,146	209,193
Medical and surgical supplies	125,173	139,125	119,212
Drugs and gases	91,265	89,919	86,919
Contracts under the Health Care Protection Act	5,637	4,901	3,684
Other ⁽¹⁾	301,463	305,216	281,904
Amortization:			
Capital equipment - internally funded	32,000	29,178	17,573
Capital equipment - externally funded	62,000	59,681	47,918
Facilities and improvements - internally funded	-	6,484	6,081
Facilities and improvements - externally funded	32,000	34,088	31,924
Write-off of capital assets	-	13,810	-
Loss on disposal of capital assets	-	10,365	10,832
	<u>\$ 3,257,600</u>	<u>\$ 3,449,947</u>	<u>\$ 2,981,512</u>

⁽¹⁾ Significant amounts under "Other" include:

Office, general supplies and miscellaneous	\$ 59,716	\$ 60,088
Diagnostic and therapeutic supplies	36,697	33,723
Plant operations	33,173	29,512
Equipment maintenance, rentals, minor renovations	52,928	45,382
Food supplies	27,011	24,240
Transportation	32,875	20,606

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CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

2009										2008	
	Number of FTEs ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non- Cash Benefits (d)(i)	Sub-total	Severance		Total	Number of FTEs ^(a)	Total	
						Number of FTEs	Amount ^(c)				
Board Compensation											
Board Chair ⁽ⁱⁱ⁾											
Hughes, Ken - AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	
Wilkinson, Neil	0.12	-	23	-	23	-	-	23	1	96	
Board Members ⁽ⁱⁱ⁾											
Ady, Jack - AHS	0.88	-	-	-	-	-	-	-	-	-	
Crevolin, Pierre - AHS	0.21	-	-	-	-	-	-	-	-	-	
Roozen, Catherine - AHS	0.63	-	-	-	-	-	-	-	-	-	
Hohol, Linda - AHS	0.88	-	-	-	-	-	-	-	-	-	
Lehnert, John - AHS	0.88	-	-	-	-	-	-	-	-	-	
Lewis, Irene - AHS	0.88	-	-	-	-	-	-	-	-	-	
Sieben, Don - AHS	0.88	-	-	-	-	-	-	-	-	-	
Andrechuk, Lori - AHS	0.33	-	-	-	-	-	-	-	-	-	
Bontje, Gord - AHS	0.33	-	-	-	-	-	-	-	-	-	
Bougie, Teri - AHS	0.33	-	-	-	-	-	-	-	-	-	
Clifford, Jim - AHS	0.33	-	-	-	-	-	-	-	-	-	
Crowfoot, Strater - AHS	0.33	-	-	-	-	-	-	-	-	-	
Franceschini, Tony - AHS	0.33	-	-	-	-	-	-	-	-	-	
Laupacis, Andreas - AHS	0.33	-	-	-	-	-	-	-	-	-	
Winkel, Gord - AHS	0.33	-	-	-	-	-	-	-	-	-	
Blumenthal, Leonard	0.12	-	4	-	4	-	-	4	1	27	
Burch, Bill	-	-	-	-	-	-	-	-	1	1	
Butti, Olivia	0.12	-	7	-	7	-	-	7	1	33	
Crevolin, Pierre	0.12	-	2	-	2	-	-	2	1	13	
Dennett, Jack	0.12	-	4	-	4	-	-	4	1	18	
Goss, Doug	0.12	-	1	-	1	-	-	1	1	5	
Hartwell, Vernon	0.12	-	-	-	-	-	-	-	1	-	
Kinsella, Wendy	0.12	-	4	-	4	-	-	4	1	26	
Mondor, Al	0.12	-	9	-	9	-	-	9	1	16	
Normand, Robert	0.12	-	5	-	5	-	-	5	1	6	
Plain, Margaret	0.12	-	5	-	5	-	-	5	1	21	
Sewell, George	0.12	-	4	-	4	-	-	4	1	17	
Wade, Margaret	0.12	-	6	-	6	-	-	6	1	18	
Total honoraria	10.32	\$ -	\$ 74	\$ -	\$ 74	-	\$ -	\$ 74	14	\$ 297	

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009					Severance			2008	
	Number of FTEs (a)	Base Salary (b)	Other Cash Benefits (c)	Other Non-Cash Benefits (d) (e)	Sub-total	Number of FTEs	Severance (e)	Total	Number of FTEs (a)	Total
Board Direct Reports (b)										
President & Chief Executive Officer - AHS (b)	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
Interim Chief Executive Officer - AHS (b)	0.88	-	-	-	-	-	-	-	-	-
Chief Executive Officer (b)(k)	0.27	147	318	181	646	1	1,510	2,156	1.00	915
Management persons reporting to the CEO: (j)										
Senior Vice President Facilities Planning & Construction	-	-	-	-	-	-	-	-	1.00	285
Executive Vice President & Chief Operating Officer - Health Services	0.22	82	91	7	180	-	-	180	1.00	576
Vice President - Academic Affairs	-	-	-	-	-	-	-	-	0.25	51
Executive Vice President & Chief Financial Officer (k)	0.40	160	363	202	725	1	1,037	1,752	1.00	688
Director - Government Affairs (k)	0.51	73	100	4	177	1	254	431	1.00	211
Vice President - Human Resources (k)	0.48	126	179	63	368	1	466	834	1.00	411
Vice President - Medical Affairs (k)	0.75	264	114	20	398	1	387	785	1.00	402
Senior Vice President - Public Affairs	0.44	92	60	40	192	1	309	501	1.00	247
Executive Director	0.28	45	87	33	165	1	264	429	1.00	224

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009					Severance			2008	
	Number of FTEs ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(e)}	Sub-total	Number of FTEs	Amount ^(e)	Total	Number of FTEs ^(a)	Total
Other management person(s) reporting to those above (avg. 2009 \$117 , avg. 2007 \$111) (excluding severance)	1,365	\$ 126,611	\$ 8,603	\$ 23,888	\$ 159,102	25	\$ 1,980	\$ 161,082	1,264	\$ 140,890
Medical doctors not included above (avg. 2009 \$245 , avg. 2008 \$241) (excluding severance)	33	7,093	306	683	8,082	-	-	8,082	31	7,478
Regulated nurses not included above - RNs, Reg. Psych. Nurses, Grad Nurses (avg. 2009 \$99 , avg. 2008 \$94) (excluding severance)	5,813	400,323	95,867	78,272	574,462	1	20	574,482	5,484	514,021
- LPNs (avg. 2009 \$66 , avg. 2008 \$59) (excluding severance)	1,066	51,934	9,541	9,167	70,642	-	-	70,642	907	53,593
Other health technical and professionals (avg. 2009 \$95 , avg. 2008 \$87) (excluding severance)	2,969	207,983	27,137	47,475	282,595	1	30	282,625	2,834	247,319
Unregulated health service providers (avg. 2008 \$50 , avg. 2008 \$45) (excluding severance)	1,525	56,813	8,182	11,517	76,512	3	135	76,647	1,462	65,697
Other frontline staff (avg. 2009 \$59 , avg. 2008 \$54) (excluding severance)	7,191	322,481	31,356	70,100	423,937	23	503	424,440	6,718	361,663
Capital Health Total	19,976.57	\$ 1,174,227	\$ 182,378	\$ 241,652	\$ 1,598,257	60	\$ 6,885	\$ 1,605,142	18,723	\$ 1,394,968

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- a. Full time equivalent (FTE) is determined at a rate of 2,022.75 hours for each full-time employee. Total actual discrete number of individuals employed during the year was 32,781 (2008 - 29,927). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
For the CEO and management persons reporting to the CEO, amount includes vacation payouts earned in prior years that were not previously disclosed by individual.
- d. Other non-cash benefits include:
 - Employer's current service and other costs of supplementary executive retirement plan per (f) below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for the rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(e) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

Schedule 2 (continued)

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(thousands of dollars)

	2009			2008						
	Current Service Cost	Other SERP Costs	Total Pension Plan Expense	Total Pension Plan Expense	Accrued Liability March 31, 2008	Change in Accrued Liability	Accrued Liability March 31, 2009	Unamortized Prior Service Costs ⁽¹⁾	Accrued Benefit Obligation March 31, 2009	
⁽²⁾ President & Chief Executive Officer	\$ 83	87	170	\$ 242	\$ 1,857	\$ 82	\$ 1,939	\$ 79	\$ 2,018	
⁽³⁾ Senior Vice President Facilities Planning & Construction	-	(11)	(11)	(62)	734	(105)	629	6	635	
Executive Vice President & Chief Operating Officer										
- Health Services	36	(33)	3	146	478	(187)	291	72	363	
⁽⁴⁾ Executive Vice President & Chief Financial Officer	46	143	189	218	779	189	968	274	1,242	
⁽⁵⁾ Director Government Affairs	8	(19)	(11)	30	82	(37)	45	5	50	
⁽⁶⁾ Vice President - Human Resources	25	25	50	90	438	50	488	89	577	
⁽⁷⁾ Senior Vice President - Public Affairs	17	10	27	-	53	24	77	-	77	
⁽⁸⁾ Executive Director	6	16	22	26	150	10	160	23	183	
⁽⁹⁾ Other members	193	135	328	601	1,761	40	1,801	48	1,849	
	\$ 414	\$ 353	\$ 767	\$ 1,291	\$ 6,332	\$ 66	\$ 6,398	\$ 596	\$ 6,994	

Note: Pension payments indicated below are not reported in thousands of dollars.

- ⁽¹⁾ Unamortized past year costs are in respect of past service improvements which have not yet been reflected on Capital Health's balance sheet but will make their way onto the balance sheet over time.
- ⁽²⁾ President & Chief Executive Officer is receiving monthly SERP payments of \$22,072 for 10 years
- ⁽³⁾ Senior Vice President Facilities Planning & Construction is receiving monthly SERP payments of \$7,972 for 10 years
- ⁽⁴⁾ Executive Vice President & Chief Financial Officer is receiving monthly SERP payments of \$13,303 for 10 years
- ⁽⁵⁾ Director Government Affairs is receiving 3 annual SERP payments of \$26,447
- ⁽⁶⁾ Vice President - Human Resources is receiving monthly SERP payments of \$6,174 for 10 years
- ⁽⁷⁾ Senior Vice President - Public Affairs is receiving monthly SERP payments of \$845 for 10 years
- ⁽⁸⁾ Executive Director is receiving monthly SERP payments of \$2,036 for 10 years
- ⁽⁹⁾ Other members eligible for SERP payments are either receiving annual or monthly payments

Schedule 2 (continued)

- g. On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. Management persons reporting to CEO reflect FTE's and costs for 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Between July 8, 2008 and December 31, 2008, management persons reporting to the CEO terminated or retired from their positions due to restructuring and as incumbents left, individuals categorized as other management assumed their responsibilities. Costs for these individuals are reported in the category of Management persons reporting to direct reports to the CEO.
- k. These individuals are provided with a vehicle or vehicle allowance. No dollar amount is included under (c) above.

CHINOOK REGIONAL HEALTH SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2009

Management's Responsibility for Financial Report

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries and Benefits

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of Chinook Regional Health Authority (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

CHINOOK REGIONAL HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION MARCH 31, 2009 (in thousands)

	2009	2008
ASSETS		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 22,467	\$ 31,372
Accounts receivable	9,531	10,363
Contributions receivable from Alberta Health and Wellness	483	9,654
Inventories	3,514	3,528
Prepaid expenses	802	1,769
	<u>36,797</u>	<u>56,686</u>
Non-current cash, cash equivalents and investments (Note 3)	69,749	20,277
Contributions receivable	824	26,617
Capital assets (Note 4)	193,617	190,482
Other assets (Note 5)	<u>11,935</u>	<u>10,256</u>
TOTAL ASSETS	\$ 314,922	\$ 304,318
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 33,778	\$ 29,083
Accrued vacation pay	14,617	13,201
Deferred contributions (Note 6)	23,563	24,304
Current portion of long-term debt (Note 8)	57	27
	<u>72,015</u>	<u>66,615</u>
Deferred contributions (Note 6)	724	589
Deferred capital contributions (Note 7)	67,292	42,359
Long-term debt (Note 8)	57	-
Deferred contributions - Healthy Aging Partnership (Note 9)	2,704	2,921
Unamortized external capital contributions	173,170	174,095
Other liabilities	<u>1,519</u>	<u>2,464</u>
	<u>319,481</u>	<u>289,043</u>
Net Assets (Liabilities):		
Unrestricted:		
Accumulated deficit (Note 11)	(23,042)	(2,084)
Accumulated net unrealized gains on investments (Note 2(a)(3)(v))		849
Investment in capital assets	<u>18,333</u>	<u>16,360</u>
	<u>(4,709)</u>	<u>15,125</u>
Endowments	<u>150</u>	<u>150</u>
	<u>(4,559)</u>	<u>15,275</u>
Commitments and contingencies (Note 12)		
TOTAL LIABILITIES AND NET ASSETS	\$ 314,922	\$ 304,318

The accompanying notes and schedules are part of these consolidated financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
	(Note 13)		
Revenue			
Alberta Health and Wellness contributions (Note 14)	\$ 315,776	\$ 321,559	\$ 299,264
Other government contributions (Note 15)	3,479	5,585	3,967
Fees and charges	11,766	19,887	18,398
Ancillary operations (Note 16)	1,764	2,049	2,067
Donations	528	278	528
Investment and other income (Note 17)	11,903	11,002	11,325
Amortization of external capital contributions	13,437	14,373	13,820
TOTAL REVENUE	358,653	375,033	349,369
Expenses (Schedule 1)			
Inpatient acute nursing services	87,740	91,298	83,264
Emergency and outpatient services	21,803	21,807	20,397
Facility-based continuing care services	39,870	40,699	35,519
Community-based care	33,463	38,050	29,576
Home care	20,055	22,058	18,204
Diagnostic and therapeutic services	64,938	68,721	63,019
Promotion, prevention and protection services	15,946	16,605	14,096
Administration	13,997	16,615	15,436
Information technology	12,716	11,087	10,759
Support services	48,972	38,222	54,196
Amortization of facilities and improvements	8,535	8,856	8,210
TOTAL EXPENSES	368,035	394,018	352,676
Deficiency of revenue over expenses	\$ (9,382)	\$ (18,985)	\$ (3,707)

The accompanying notes and schedules are part of these financial statements.

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CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2009
(in thousands)

	2009				2008		
	Accumulated Deficit (Note 11)	Accumulated net unrealized gains/(losses) on investments	Investment in capital assets	Sub-Total	Endowments	Total	Total
Balance at beginning of year	\$ (2,084)	\$ 849	\$ 16,360	\$ 15,125	\$ 150	\$ 15,275	\$ 18,813
Deficiency of revenues over expenses	(18,985)	-	-	(18,985)	-	(18,985)	(3,307)
Contributed assets	-	-	-	-	-	-	408
Capital assets purchased with internal funds	(6,233)	-	6,233	-	-	-	-
Amortization of internally funded capital assets	2,732	-	(2,732)	-	-	-	-
Disposal of land	-	-	-	-	-	-	(19)
Transfer related to the acquisition of plant equipment from internally funded to externally funded sources	1,612	-	(1,612)	-	-	-	-
Repayment of long-term debt used to fund capital assets	(84)	-	84	-	-	-	-
Net unrealized losses on available for sale financial assets arising during the year	-	(643)	-	(643)	-	(643)	(799)
Transfer of net realized gains (losses) on investments to revenue (Note 2(a)(3)(v))	-	(206)	-	(206)	-	(206)	179
Balance at end of year	\$ (23,042)	\$ -	\$ 18,333	\$ (4,709)	\$ 150	\$ (4,559)	\$ 15,275

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
	(Note 13)		
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	\$ (9,382)	\$ (18,985)	\$ (3,307)
Non-cash transactions:			
Amortization (Schedule 1)	16,709	16,242	16,443
Gross amortization of external capital contributions	(13,432)	(14,373)	(13,824)
Loss on disposal of assets	5	870	3
	(6,100)	(15,246)	(685)
Changes in non-cash working capital account	17,017	(10,520)	4,515
Cash generated from (used by) operations	10,917	(26,766)	3,830
Investing activities:			
Purchase of capital assets:			
internally funded - equipment	(3,499)	(4,469)	(428)
internally funded - facility and improvements	(1,200)	(1,764)	(3,018)
externally funded - equipment	(2,864)	(1,731)	(6,189)
externally funded - facility and improvements	(13,772)	(12,442)	(5,640)
debt funded - equipment	-	(170)	(88)
Proceeds on sale of capital assets	-	329	105
Proceeds on sale of investments	-	10,724	11,185
Acquisition of investments	-	(11,586)	(11,881)
Allocation (from) to current cash and investments	(26,692)	(49,488)	8,193
Capital assets transferred	-	-	(408)
Changes in other assets	3,014	(3,679)	(2,415)
Changes in non-cash working capital account	-	26,874	-
Changes in non-current contributions	24,214	25,793	(24,110)
Cash used by investing activities	(20,709)	(21,579)	(34,694)
Financing activities:			
Capital contributions received	17,324	40,381	31,260
Change in non-cash working capital accounts	-	-	209
Principal payments on long-term debt	-	(84)	(709)
Proceeds from long-term debt	-	170	88
Capital assets transferred	-	-	408
Changes in other liabilities	22	(945)	44
Change in non-current deferred contributions	(390)	(82)	1,287
Cash generated from financing activities	11,956	39,440	33,087
Increase (decrease) in cash, cash equivalents and investments	2,074	(8,905)	2,223
Cash, cash equivalents and investments, beginning of year	31,372	31,372	29,149
Cash, cash equivalents and investments, end of year (Note 3)	\$ 33,446	\$ 22,467	\$ 31,372

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2009
(in thousands)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority ("the Authority") was established on June 24, 1994 under the Alberta Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act. Effective April 1, 2009 the Authority will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 20).

The Authority delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Rural Hospital/Health Centre Sites

- Chinook Health - Milk River Health Centre
- Chinook Health - Pincher Creek Health Centre
- Chinook Health - Taber Health Centre
- Chinook Health - Fort Macleod Health Centre
- Chinook Health - Crowsnest Pass Health Centre
- Chinook Health - Raymond Health Centre
- Chinook Health - Cardston Health Centre
- Chinook Health - Magrath Health Centre
- Chinook Health - Coaldale Health Centre
- Chinook Health - Piyani Health Centre

Community Health Sites:

- Chinook Health - Lethbridge Community Health Site
- Chinook Health - Vauxhall Community Health Site
- Chinook Health - Taber Community Health Site
- Chinook Health - Coaldale Community Health Site
- Chinook Health - Raymond Community Health Site
- Chinook Health - Crowsnest Pass Community Health Site
- Chinook Health - Magrath Community Health Site
- Chinook Health - Pincher Creek Community Health Site

Note 1 Authority, Purpose and Operations (continued)

Other Sites/Locations:

- Chinook Regional Hospital
- Chinook Health – Children's CARE Centre
- Chinook Health – Raymond Care Centre
- Chinook Health – Lethbridge Community Care Services
- Chinook Health – Community Mental Health
- Chinook Health – Population Health

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements were prepared on a consolidated basis and include the following:
 - (i) The Authority uses the proportionate consolidation method to account for its 50% interest in the Chinook Primary Care Network, a joint venture.
 - (ii) The Authority uses the proportionate consolidation method to account for its share in the Regional Shared Health Information Program ("RSHIP").
 - (iii) The controlled foundations are not consolidated.
- (3) These financial statements use the deferral method of accounting for contributions, key elements of which are:
 - (i) Unrestricted contributions are recognized as revenue in the year receivable.
 - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.
 - (iii) Externally restricted capital contributions are recorded as deferred capital contribution until the amount is invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iv) Endowment and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position or it is determined that an impairment of these financial assets is other than temporary. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Capital Disclosure

Effective April 1, 2008, the Authority implemented new capital disclosure requirements per section 1535 in the CICA Handbook. For operating purposes, the Authority defines capital as including working capital and unrestricted net assets. For capital purposes, the Authority defines capital as including deferred capital contributions, long term debt, unamortized external capital contributions, and investment in capital assets.

The Authority's objectives for managing capital are:

- In the short term to safeguard the Authority's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Authority's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Authority monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Authority funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Authority borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

Where a health authority has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Full cost

The Authority records the full cost of services for which it is responsible. Full cost transactions comprise the following:

- (1) Revenues that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- (2) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and a program expense as they represent part of the cost of the Authority's health programs costs.
- (3) Fair value to use non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.
- (4) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plan's deficit or surplus.

The Authority provides a defined benefit Supplemental Executive Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is unfunded.

The Authority fully accrues its obligations for employee non-pension future benefits, including its self-insured extended health, dental and vision care plan.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2 (f).

Transaction costs associated with the acquisition and disposal of investments are expensed when incurred. The purchase and sale of investments are accounted for using the trade date.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition changes in value depend upon the classification. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

The Authority has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Available-for-sale
Investments	Available-for-sale
Accounts receivable, contributions receivable	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

The Authority does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Authority as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available-for-sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available-for-sale are not reversed.

The carrying values of current cash, cash equivalents and investments, accounts receivable, contributions receivable from Alberta Health and Wellness, and accounts payable approximate their fair value because of the short term nature of these items. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from its financial instruments.

Note 2 Significant Accounting Policies and Reporting

(g) Inventories

In June 2007, the Canadian Institute of accounting standard, Section 3031 recognition, measurement and disclosure direction for not-for-profit organization distribution at no charge at the lower of

The Authority adopted this new standard balances or restate prior periods because

Inventories for consumption or distribution (defined as moving average) and current recorded as the lower of cost (defined as

(h) Capital Assets

Capital assets and work in progress are

Capital assets except land, construction estimated useful lives on a straight line

Land improvements
Buildings
Building Service Equipment
Equipment

Construction projects in progress are not transferring substantially all of the benefit Authority are accounted for as acquisition obligations.

(i) Measurement Uncertainty

The financial statements, by their measurement uncertainty. In order to classified as available-for-sale is other factors including the nature and extent below cost and the underlying credit risk assets are amortized over their estimated amortization of external capital contribution related assets. The Supplemental Ex actuarial calculations. Actual results con

Note 4 Capital Assets

	2009	2008
	Net Book Value	Net Book Value
	(in thousands)	
Buildings and improvements	\$ 130,884	\$ 138,109
Work in progress	21,836	7,630
Equipment	17,629	17,728
Information systems	374	654
Software licenses	7,091	8,758
Leasehold improvements	850	935
Land	4,278	4,278
Building service equipment	10,282	11,922
Land improvements	349	424
Other non-depreciable assets	44	44
	<u>\$ 193,617</u>	<u>\$ 190,482</u>

	Cost				
	Balance April 1, 2008	Transfers	Additions	Disposals	Balance March 31, 2009
	(in thousands)				
Buildings and improvements	\$ 258,566	\$ -	\$ 13,330	\$ 1,722	\$ 257,844
Work in progress	1,630	(124)	13,330	-	21,836
Equipment	38,558	124	5,002	856	53,810
Information systems	10,808	-	127	-	10,935
Software licenses	12,772	-	97	-	12,869
Leasehold improvements	1,384	-	-	-	1,384
Land	4,278	-	-	-	4,278
Building service equipment	17,418	-	-	905	16,423
Land improvements	4,455	-	-	-	4,455
Other non-depreciable assets	44	-	-	-	44
	<u>\$ 376,455</u>	<u>\$ -</u>	<u>\$ 50,576</u>	<u>\$ 1,600</u>	<u>\$ 395,931</u>

	Accumulated Amortization				
	Balance April 1, 2009	Current year amortization	Amortization on disposals		Balance March 31, 2009
	(in thousands)				
Buildings and improvements	\$ 121,457	\$ 6,879	\$ 1,316	\$	126,940
Equipment	40,330	4,152	790	\$	44,189
Information systems	10,151	807	-	\$	10,951
Software licenses	6,014	1,764	-	\$	7,778
Leasehold improvements	440	85	-	\$	525
Building service equipment	3,596	880	233	\$	4,141
Land improvements	4,764	75	-	\$	4,739
	<u>\$ 196,494</u>	<u>\$ 16,242</u>	<u>\$ 2,404</u>	<u>\$</u>	<u>209,312</u>

Note 4 Capital Assets (continued)

(a) Land

Land at the Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre has been provided to the Authority at nominal value.

(b) Leased equipment

Equipment was acquired through capital leases at a cost of \$170 (2008 - \$237) with accumulated amortization of \$57 (2008 - \$209).

Note 5 Other Assets

	2009	2008
	(in thousands)	
Long-term receivable		
Supportive living options	\$ 11,057	\$ 9,224
Participating physicians	-	10
Grants receivable from East Central Health (Note 21)	957	-
Other	50	50
	<u>12,064</u>	<u>9,284</u>
Deferred contract payments	<u>1,871</u>	<u>972</u>
	<u>\$ 13,935</u>	<u>\$ 10,256</u>

The amounts included in the Supportive Living Options are recoverable as services are rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for an initial term of 20 years effective from the date of commencement of operations, unless otherwise terminated. The deferred contract payments are amortized over the term of the related agreements. The average remaining term of the agreements at March 31, 2009 is 15.5 years.

The Authority provided financial assistance to participating physicians to assist in a portion of costs of the Sleep Apnea Clinic. Costs are reimbursed to the Authority over the term of the agreement.

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(in thousands)	
Current:		
Children's health	\$ 860	\$ 1,204
Immunization programs	117	390
Mental health-innovations funds	1,427	2,951
Palliative care	301	467
Pandemic supplies	849	1,393
Physician on call	928	1,905
Primary care network	4,745	4,365
Seniors' health	7,051	7,056
Stanford management training	128	245
Stroke strategy	907	615
Telehealth programs	722	444
Other	5,528	3,269
	<u>23,563</u>	<u>24,304</u>
Non-current:		
Donations	724	589
	<u>\$ 24,287</u>	<u>\$ 24,893</u>

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(in thousands)	
Equipment replacement	\$ 1,852	\$ 2,681
Improvement of capital assets	65,440	39,678
	<u>\$ 67,292</u>	<u>\$ 42,359</u>

Note 8 Long-term Debt

	2009	2008
	(in thousands)	
Obligations under capital leases	\$ 114	\$ 27
Less: current portion	<u>57</u>	<u>27</u>
	<u>\$ 57</u>	<u>\$ -</u>

The Authority is committed to making payments as follows:

<u>Year ending March 31</u>	
2010	\$ 57
2011	<u>57</u>
	<u>\$ 114</u>

The capital lease expires on March 31, 2011.

Note 9 Deferred Contributions - Healthy Aging Partnership

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the Authority's residents are recorded as long-term deferred contributions.

During the year the Authority amortized \$217 (2008 - \$229) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenue under Alberta Health and Wellness Contributions.

	2009	2008
	(in thousands)	
Alberta Health and Wellness contributions (Note 14)	\$ 196	\$ 199
Investment and other income	<u>21</u>	<u>30</u>
	<u>\$ 217</u>	<u>\$ 229</u>

Note 10 Long-Term Employee Benefits

(a) Supplemental Executive Retirement Plan

	2009	2008
	(in thousands)	
Accrued benefit obligation		
Accrued obligation, beginning of year	\$ 1,182	\$ 821
Current service cost	54	60
Interest cost	70	52
Prior service cost	-	130
Actuarial (gain) loss	(317)	149
Benefit payments	(32)	(30)
Net accrued benefit obligation, end of year	\$ 957	\$ 1,182
Reconciliation of funded status of accrued benefit asset liability		
Net accrued benefit obligation	\$ 957	\$ 1,182
Unrecognized actuarial gain (loss)	317	(149)
Unrecognized prior service costs	-	(234)
Reported liability	\$ 1,274	\$ 799
Current service cost	\$ 54	\$ 60
Interest cost	70	52
Amortization of prior service costs	234	130
Amortization of net actuarial loss	149	173
Net benefit cost	\$ 507	\$ 415
	2009	2008
Discount rate	8.00%	5.75%
Expected average remaining service life of employees	3 years	5 years
Salary increase	5.00%	5.00%

The plan is unfunded.

(b) Pension expense

Pension expense related to the Local Authorities Pension Plan in these financial statements is equal to the Authority's annual contributions payable of \$10,861 for the year ended March 31, 2009 (2008 - \$9,502). At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2008 - deficiency of \$1,183,334).

Supplemental Executive Retirement Plan expense in these financial statements is equal to the net benefit cost of \$507 for the year ended March 31, 2009 (2008 - \$415).

Note 11 Accumulated Deficit

The Authority has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Note 12 Commitments and Contingencies

(a) The Authority has outstanding contractual commitments related to facilities and improvements projects in the amount of \$21,400.

(b) The Authority is contractually committed to future operating lease payments until 2013 as follows:

Year ending March 31	(in thousands)
2010	\$ 793
2011	559
2012	547
2013	271
	<u>\$ 2,170</u>

(c) The Authority has not recognized a liability of certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value cannot be reasonably estimated as the settlement dates are unknown.

(d) The Authority, in the conduct of its normal activities, is named a defendant in various legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that adequate provision for these proceedings have been made in the Authority's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the Authority, however, should any loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the Authority.

(e) The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

(f) The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region (Note 18(g)). The Authority has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

Note 13 Budget (in thousands)

The budget was prepared by management and submitted to the Minister of Health and Wellness. Over the course of the fiscal year, the Minister provided additional funding of \$2,084. The Board has allocated these additional resources to address funding expectations.

Note 14 Alberta Health and Wellness Contributions

	2009	2008
	(in thousands)	
Unrestricted contributions	\$ 306,093	\$ 286,801
Transfers from deferred contributions	12,041	9,769
Healthy aging partnership (Note 9)	196	199
Primary care network (Note 18(c))	3,229	2,495
	<u>\$ 321,559</u>	<u>\$ 299,264</u>

Note 15 Other Government Contributions

	2009	2008
	(in thousands)	
Persons with developmental disabilities South Alberta Board	\$ 2,476	\$ 2,281
Transition grant from East Central Health (Note 21)	1,644	-
Transfers from deferred contributions	791	867
Alberta Infrastructure	240	143
	<u>5,151</u>	<u>3,291</u>
Fair value of rent less rent charges for non-acute care facilities used by the Authority	734	676
	<u>\$ 5,885</u>	<u>\$ 3,967</u>

Note 16 Ancillary Operations

	2009				2008		
	Revenue	Direct Expense	Amortization Expense	Total Expenses	Excess of Revenue over Expenses	Revenue	Excess of Revenue over Expenses
	(in thousands)						
Parking operations	\$ 385	\$ 122	\$ 6	\$ 128	\$ 257	\$ 407	\$ 264
Non-patient food services	1,466	1,749	3	1,752	(286)	1,437	184
Laundry operations	79	78	1	79	0	-	-
Other operations	87	113	-	113	(26)	138	2
	<u>\$2,087</u>	<u>\$2,062</u>	<u>\$10</u>	<u>\$2,072</u>	<u>\$231</u>	<u>\$2,067</u>	<u>\$450</u>

Ancillary expenses are reported in support services in the Statement of Operations.

Note 17 Investments and Other Income

	2009	2008
	(in thousands)	
Investment income earned:		
Unrestricted resources	\$ 1,083	\$ 1,808
Other than temporary impairment of investments (Note 3)	(343)	-
Restricted resources for capital assets	11	22
Resources held for endowment	6	7
	<u>757</u>	<u>1,837</u>
Other income:		
Transfers from deferred contributions	4,735	3,345
Other	5,521	6,165
	<u>11,013</u>	<u>11,347</u>
Less amounts deferred:		
Restricted for capital asset acquisition	(11)	(22)
	<u>\$ 11,002</u>	<u>\$ 11,325</u>

Investment income is comprised of interest and dividends, gains or losses on the sale of investments, and other than temporary impairment of investments.

Other income is comprised of recoveries from sources external to the Authority for compensation, and materials and supplies.

Note 18 Related Parties**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints the members of Alberta Health Services Board. The Board is economically dependant on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Authority had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009			
	Revenue	Expense	Receivable	Payable
	(in thousands)			
Other Regional Health Authorities and Provincial Health Boards	<u>\$ 3,749</u>	<u>\$ 1,130</u>	<u>\$ 2,497</u>	<u>\$ -</u>
	2008			
	Revenue	Expense	Receivable	Payable
	(in thousands)			
Other Regional Health Authorities and Provincial Health Boards	<u>\$ 1,808</u>	<u>\$ 1,808</u>	<u>\$ 1,241</u>	<u>\$ 1,303</u>

Note 18 Related Parties (continued)

(b) Regional Shared Health Information Program ("RSHIP")

The seven non-metro health regions: Palliser Health Region, David Thompson Health Region, Aspen Health Region, Northern Lights Health Region, Peace Country Health Region, Chinook Regional Health Authority, East Central Health, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2009	2008
	(in thousands)	(in thousands)
Alberta Health and Wellness Funding	\$ 45	\$ 683
Health Authority contribution	1,036	1,983
	<u>\$ 1,081</u>	<u>\$ 2,666</u>

The Authority's proportionate share of expenditures and costs incurred directly are as follows:

	2009	2008
	(in thousands)	(in thousands)
Expenses	\$ 958	\$ 1,442
Capital assets	123	1,224
	<u>\$ 1,081</u>	<u>\$ 2,666</u>

The Authority accounts for its interest in RSHIP on a proportionate consolidation basis.

Note 18 Related Parties (continued)

(c) Primary Care Network

The Authority's interest in the Chinook Primary Care Network, a joint venture, is included in the financial statements under the proportionate consolidation method.

	Authority's 50% Share	
	2009	2008
	(in thousands)	(in thousands)
Statement of Financial Position:		
Cash, cash equivalents and investments	\$ 5,022	\$ 3,913
Accounts receivable	37	639
Prepaid expenses	252	-
Capital assets	3	223
	<u>\$ 5,314</u>	<u>\$ 4,775</u>
Accounts payable and accrued liabilities	\$ 320	\$ 187
Deferred contributions	4,745	4,365
Unamortized external capital contributions	-	223
Accumulated deficit	(3)	-
Investments in capital assets	252	-
	<u>\$ 5,314</u>	<u>\$ 4,775</u>
Statement of Operations:		
Revenue (Note 14)	\$ 3,229	\$ 2,495
Expenses	2,980	2,495
Excess of revenue over expenses	<u>\$ 249</u>	<u>\$ -</u>

(d) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The controlled Foundations are not consolidated in these financial statements. Financial information for these Foundations (in thousands) is as follows:

	2009			2008		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Crowsnest Pass Health Foundation	\$246	\$(3)	\$243	\$271	\$-	\$271
Cardston and District Health Foundation	17	(11)	6	28	-	28
North County Health Foundation	49	-	49	74	(19)	55
Fort Macleod and District Health Foundation	74	-	74	76	(19)	57
Windy Slopes Health Foundation	71	(11)	60	78	(6)	72
	2009			2008		
	Revenue	Expenses	Excess/Deficit	Revenue	Expenses	Excess/Deficit
Crowsnest Pass Health Foundation	\$163	\$(191)	\$(28)	\$172	\$(128)	\$44
Cardston and District Health Foundation	75	(97)	(22)	112	(114)	(2)
North County Health Foundation	30	(36)	(6)	81	(71)	10
Fort Macleod and District Health Foundation	67	(50)	17	75	(36)	39
Windy Slopes Health Foundation	128	(141)	(13)	180	(212)	32

Note 18 Related Parties (continued)

	<u>Contributions Received by Health Authority</u> Year Ended March 31		<u>Resources held by Foundation</u> Year Ended March 31, 2009	
	2009	2008	Externally Restricted	Unrestricted
Crowstree Pass Health Foundation	\$157	\$97	\$209	\$34
Cardston and District Health Foundation	71	89	1	5
North County Health Foundation	15	50	3	46
Fort Macleod and District Health Foundation	20	19	5	69
Windy Slopes Health Foundation	71	137	11	49

The value of administrative support provided to the above Foundations for the year ended March 31, 2009 was \$103 (2008 - \$98). Of this amount, \$14 was receivable from the Foundations at year end (2008 - \$35).

(e) Other Foundations

The Authority has an economic interest in the Chinook Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the Income Tax Act. Financial information for these Foundations (in thousands) is as follows:

	<u>2009</u>			<u>2008</u>		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Chinook Regional Hospital Foundation	\$4,707	\$(117)	\$4,590	\$5,086	\$(150)	\$4,936
Taber and District Health Foundation	933	(7)	926	964	(5)	959

	<u>Contributions Received by Health Authority</u> Year Ended March 31		<u>Resources held by Foundation</u> Year Ended March 31, 2009	
	2009	2008	Externally Restricted	Unrestricted
Chinook Regional Hospital Foundation	\$ 317	\$392	\$4,124	\$466
Taber and District Health Foundation	51	109	606	320

The value of administrative support provided to the above Foundations for the year ended March 31, 2009 was \$388 (2008 - \$301). Of this amount, \$92 was receivable from the Foundations at year end (2008 - \$115).

(f) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2009, \$59 (2008 - \$56) was due to the Authority.

Note 18 Related Parties (continued)

(g) Contracts with Health Service Providers

The Authority has an economic interest through its contracts with voluntary and private health service operators to provide health services in the Authority. Funding was provided as follows:

	Direct Regional Funding	Direct Alberta Health and Wellness Funding	Fees and Charges and Other Income (in thousands)	Full Cost Adjustments	Total
2009					
Voluntary health service providers	\$ 16,689	\$ -	\$ 3,072	\$ -	\$ 19,761
Private health service providers	49,223	-	4,757	-	53,980
	<u>\$ 65,912</u>	<u>\$ -</u>	<u>\$ 7,829</u>	<u>\$ -</u>	<u>\$ 73,741</u>
2008					
Voluntary health service providers	\$ 14,516	\$ -	\$ 2,948	\$ -	\$ 17,464
Private health service providers	38,776	-	4,661	-	43,437
	<u>\$ 53,292</u>	<u>\$ -</u>	<u>\$ 7,609</u>	<u>\$ -</u>	<u>\$ 60,901</u>

Note 19 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness for the Chinook Primary Care Network. This initiative is a trilateral agreement between the Alberta Medical Association, the Regional Health Authority, and Alberta Health and Wellness. Family physicians in communities in Southwestern Alberta are identifying ways to strengthen the services and care they have always delivered to their patients through the Chinook Primary Care Network. During the year, the Authority disbursed all funds held and received to the Chinook Primary Care Network.

The Authority also receives funds in trust from Ladies Auxiliary and from Society of Friends. The Authority invests these funds on behalf of the organizations. At March 31, 2009 the Authority held \$200 in trust for Ladies Auxiliary and \$100 in trust for Society of Friends. These amounts are not reflected in these financial statements.

Note 20 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine Regional Health Authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Authority but excluding East Central Health will be disestablished and all of the assets, liabilities, rights and obligations of these entities including the Authority, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

Note 21 Transition and Restructuring Costs

As at March 31, 2009, the Authority recorded transition costs in its Statement of Operations. The charges consist of severance and other applicable transition expenses. In the Statement of Operations, these charges are recorded in Administration, Support Services, Facility Based Services and Acute Nursing Services.

	Severance Restructuring Charges
Liability as at March 31, 2008	\$
Amounts expensed	
Payments made during the year	
Liability as at March 31, 2009	<u>\$</u>
Unfunded Supplemental Executive Retirement Plan	<u>\$</u>

East Central Health received \$80 million in funding for the costs of AHS transitioning and the Authority has recorded the transition costs incurred as described above.

The transition grant restrictions include payment of the Supplemental Executive Retirement Plan. The Authority has received the grant from East Central Health for the amount of the plan.

Note 22 Comparative Figures
Certain 2008 figures have been reclassified to conform with the 2009 presentation.

Note 23 Approval of Financial Statements
These financial statements have been approved by the Board of Directors on behalf of the Authority.

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009							2008		
	FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(e)}	Subtotal	Number of Individuals	Severance ^(f)	Total	FTE's ^(a)	Total
Board Chair ^(a)										
Ken Hughes – AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	\$-	\$ -	-	\$ -
Jack Ady	0.12	-	7	1	8	-	-	8	1.00	36
Board Members ^(a)										
Jack Ady – AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin – AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen – AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol – AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnert – AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis – AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben – AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje – AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie – AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford – AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot – AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini – AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel – AHS	0.33	-	-	-	-	-	-	-	-	-
Arthur Sanford	0.12	-	2	-	2	-	-	2	1.00	9
Beverley Patterson	0.12	-	3	-	3	-	-	3	1.00	8
Donna Bier	0.00	-	-	-	-	-	-	-	1.00	7
Douglas Schindler	0.12	-	3	-	3	-	-	3	1.00	7
Inez Kelly	0.12	-	1	-	1	-	-	1	1.00	8
James Farr	0.00	-	-	-	-	-	-	-	1.00	8
Lloyd Hickman	0.12	-	3	-	3	-	-	3	1.00	8
Phyllis Bishoff	0.12	-	3	-	3	-	-	3	1.00	6
Roy Reti	0.12	-	2	-	2	-	-	2	1.00	8
Sam Marra	0.12	-	4	-	4	-	-	4	1.00	13
Thaine Olsen	0.12	-	3	-	3	-	-	3	1.00	8
	9.96	\$ -	\$ 31	\$ 1	\$ 32	-	\$ -	\$ 32	12.00	\$ 126

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009							2008		
	FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(e)}	Subtotal	Number of Individuals	Severance ^(e)	Total	FTE's ^(a)	Total
Board Direct Reports ^(b)										
President and Chief Executive Officer –AHS ^(b)	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Interim Chief Executive Officer – AHS ^(b)	0.88	-	-	-	-	-	-	-	-	-
Chief Executive Officer ^{(b)(c)}	1.00	385	-	332	717	-	-	717	1.00	565
CEO Direct Reports ^(b)										
Chief Clinical Officer	1.00	338	-	-	338	-	-	338	1.00	348
Chief Operating Officer ^(b)	0.92	97	-	206	303	1	523	826	1.00	382
Chief Information Officer ^{(b)(c)}	1.00	160	-	26	186	-	-	186	0.97	177
Director Corporate Communications ^(b)	1.00	121	-	22	143	-	-	143	1.00	121
Director Corporate Fundraising	1.00	104	-	25	129	-	-	129	0.54	64
Director Corporate Planning & Support	1.00	114	-	20	134	-	-	134	1.00	127
Director Workforce Planning	1.00	118	-	24	142	-	-	142	0.79	110
Executive Director Labour Relations	1.00	124	-	24	148	-	-	148	1.00	142
Executive Director People Strategies	0.93	109	8	23	140	-	-	140	1.00	141
Executive Director Special Projects	0.22	27	3	6	36	-	-	36	0.52	84
Foundations Consultant ^(b)	0.22	28	-	6	34	1	55	89	0.50	71
Manager of Executive Suite	1.00	88	-	18	106	-	-	106	1.00	97
	12.19	1,813	11	732	2,556	2	578	3,134	11.32	2,429
Total Board and Executive	22.15	\$ 1,813	\$ 42	\$ 733	\$ 2,588	2	\$ 578	\$ 3,166	23.32	\$ 2,555

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009							2008		
	FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(e)}	Subtotal	Number of Individuals	Severance ^(e)	Total	FTE's ^(a)	Total
Board and executive	22.15	\$ 1,813	\$ 42	\$ 733	\$ 2,588	2	\$ 578	\$ 3,166	23.32	\$ 2,555
Management reporting to CEO direct reports	12.22	1,655	1	309	1,965	-	-	1,965	11.26	1,781
Other managers	100.07	10,515	66	2,196	12,777	3	165	12,942	97.23	11,825
Medical doctors	5.04	1,561	-	104	1,665	-	-	1,665	5.08	1,707
Regulated nurses:										
RNs, RPNs, grad nurses	771.99	58,324	9,317	11,879	79,520	-	-	79,520	738.36	72,267
LPNs	172.21	8,562	871	1,600	11,033	-	-	11,033	170.91	9,651
Other health technical and professional	561.61	40,075	2,710	8,333	51,118	-	-	51,118	542.48	44,540
Unregulated health service	181.78	6,535	817	1,262	8,614	-	-	8,614	175.91	7,411
Other staff	902.87	39,518	1,572	8,086	49,176	4	62	49,238	884.79	45,313
Total	2,729.94	\$ 168,558	\$ 15,396	\$ 34,502	\$ 218,456	9	\$ 805	\$ 219,261	2,649.34	\$ 197,050

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan

	2009			2008			
	Current Service Cost	Other SERP Costs	Total	Total	Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
Chief Executive Officer	\$ 33	\$ 277	\$ 310	\$ 253	\$ 515	\$ (121)	\$ 394
Chief Operating Officer ⁽¹⁾	21	169	190	153	305	(74)	231
Retired Executive	-	7	7	9	362	(30)	332
	<u>\$ 54</u>	<u>\$ 453</u>	<u>\$ 507</u>	<u>\$ 415</u>	<u>\$ 1,182</u>	<u>\$ (225)</u>	<u>\$ 957</u>

CHINOOK REGIONAL HEALTH AUTHORITY**SCHEDULE OF SALARIES, AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 4,529 (2008 – 4,413). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime, and lump sum payments.
- d. Other non-cash benefits include:
 - Employer’s current service and other costs of supplemental executive retirement plan per (f) below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
 - Employer’s share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(d) Employee Future Benefits and Note 10 Long-term Employee Benefits.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

- g. On May 15, 2008, the Authority’s board, along with the other regional health authority boards, was replaced by the Alberta Health Services (‘AHS’) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.

CHINOOK REGIONAL HEALTH AUTHORITY**SCHEDULE OF SALARIES, AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. Effective July 8, 2008 the Chief Executive Officer of the Authority transitioned to the Chief Operating Officer Community and Rural - AHS. Costs incurred are reported in the accounts of the Authority.
- k. CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted in footnotes (l) to (o) below.
- l. Effective February 28, 2009 the incumbent received severance. Based on future SERP compensation benefits described under (f) above, the retired individual will receive monthly pension income of \$1,515 over an indefinite term.
- m. Effective February 5, 2009 the Chief Information Officer of the Authority transitioned to the Vice President, Rural and Primary Care Services - AHS. Costs incurred are reported in the accounts of the Authority.
- n. Effective March 3, 2009 the Director of Corporate Communications of the Authority transitioned to the Service Lead, Clinical Programs and Services - AHS. Costs incurred are reported in the accounts of the Authority.
- o. Effective September 15, 2008 the incumbent received severance.

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AUDITOR'S

David Thompson Health Region
Management's Responsibility for Financial Reporting
March 31, 2009

The accompanying final consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Region members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General of Alberta to review financial matters, and recommends the final consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of the Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which will allow him to report on the fairness of the consolidated financial statements prepared by management.

"Original signed"

Bryan Judd
Chief Financial Officer

David Thompson Health Region
June 11, 2009

"Original signed"

Chris Mazurkewich
Chief Financial Officer

Alberta Health Services
June 11, 2009

"Original signed"

Dr. Stephen Duckett
President & Chief Executive
Officer

Alberta Health Services
June 11, 2009

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the David Thompson Health Region (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 28, 2008.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

David Thompson Health Region
Consolidated Statement of Financial Position
March 31, 2009
(thousands of dollars)

	2009	2008 (Restated) (Note 21)
ASSETS		
Current:		
Cash and investments (Note 3)	\$ 99,825	\$ 83,368
Accounts receivable	14,111	17,817
Contributions receivable from Alberta Health and Wellness	5,898	6,103
Inventories	6,976	6,166
Prepaid expenses	1,317	2,063
	<u>128,127</u>	<u>115,517</u>
Non-current cash and investments (Note 3)	20,674	39,119
Capital assets (Note 4)	414,194	421,885
Loans - continuing care partnership projects (Note 5)	26,213	20,656
Other assets (Note 6)	<u>664</u>	<u>828</u>
TOTAL ASSETS	<u>\$589,872</u>	<u>\$598,005</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 60,051	\$ 45,455
Accrued vacation pay	25,890	23,664
Deferred contributions (Note 7)	68,767	38,883
Current portion of long term debt (Note 9)	179	125
	<u>154,887</u>	<u>108,127</u>
Deferred capital contributions (Note 8)	5,961	18,538
Deferred contributions - continuing care partnership projects	40,926	41,237
Long-term debt (Note 9)	262	326
Unamortized external capital contributions (Note 4)	<u>379,339</u>	<u>389,842</u>
	<u>581,375</u>	<u>558,070</u>
Net assets		
Accumulated (deficit) surplus (Note 11)	(25,492)	8,678
Investment in capital assets from internally funded sources (Note 4)	33,989	31,167
Cumulative net unrealized gains on investments	-	90
	<u>8,497</u>	<u>39,935</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$589,872</u>	<u>\$598,005</u>

Commitments and contingencies (Note 12)

Subsequent event (Note 22)

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Consolidated Statement of Operations
For the Year Ended March 31, 2009
(thousands of dollars)

	2009 Budget (Unaudited) (Note 13)	Actual	2008 Actual (Restated) (Note 21)
Revenue			
Alberta Health and Wellness contributions (Note 14)	\$ 571,848	\$ 585,691	\$ 577,065
Other government contributions (Note 15)	5,047	10,377	11,673
Fees and charges	34,159	36,711	33,724
Ancillary operations (Note 16)	5,266	4,463	4,864
Donations	971	3,021	1,703
Investment and other income (Note 17)	14,187	16,553	15,036
Amortized external capital contributions	<u>28,412</u>	<u>26,039</u>	<u>24,697</u>
TOTAL REVENUE	<u>659,890</u>	<u>682,855</u>	<u>668,762</u>
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	175,207	181,006	164,659
Facility-based emergency and outpatient services	46,247	55,808	46,626
Facility-based continuing care services	73,816	74,938	69,062
Community-based care	34,320	34,009	29,693
Home care	24,929	25,781	21,558
Diagnostic and therapeutic services	111,596	111,340	101,271
Promotion, prevention and protection services	22,848	21,933	20,506
Research and education	629	570	644
Administration	32,113	39,130	27,637
Information technology	24,902	19,179	17,126
Support services	129,996	134,082	120,926
Amortization of facilities and improvements	<u>16,793</u>	<u>16,427</u>	<u>16,390</u>
TOTAL EXPENSES	<u>693,306</u>	<u>714,203</u>	<u>636,098</u>
(Deficiency) excess of revenue over expenses	<u>\$ (33,416)</u>	<u>\$ (31,348)</u>	<u>\$ 32,664</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Consolidated Statement of Changes In Net Assets
For the Year Ended March 31, 2009
(thousands of dollars)

	2009				2008	
	Accumulated surplus (deficit)	Investment in capital assets	Cumulative net unrealized gains (losses) on investments	Total	Total	
Balance at beginning of year	\$ 8,678	\$ 31,167	\$ 90	\$ 39,935	\$ 7,248	
(Deficiency) excess of revenue over expenses	(31,348)	-	-	(31,348)	32,664	
Capital assets purchased with internal funds	(8,299)	8,299	-	-	-	
Amortization on internally funded capital assets	5,487	(5,487)	-	-	-	
Repayment of long-term debt used to fund capital assets	(257)	257	-	-	-	
Proceeds from long-term debt	247	(247)	-	-	-	
Unrealized (losses) gains on "available-for-sale" financial assets arising during the year	-	-	(90)	(90)	23	
Balance at end of year	\$ (25,492)	\$ 33,989	\$ -	\$ 8,497	\$ 39,935	

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget (Unaudited) (Note 13)	Actual	Actual (Restated) (Note 21)
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (33,416)	\$ (31,348)	\$ 32,664
Items not involving cash			
Amortization (Schedule 1)	34,679	31,526	29,851
Amortized external capital contributions	(28,412)	(26,039)	(24,697)
Changes in non-cash operating working capital (Note 18)	(37,113)	44,849	39,476
Cash generated from operations	(64,262)	18,988	77,294
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(5,500)	(5,704)	(3,290)
Externally funded - equipment	(6,600)	(7,899)	(9,930)
Internally funded - facility and improvements	(3,000)	(2,595)	-
Externally funded - facility and improvements	(6,123)	(7,637)	(22,902)
(Decrease) increase in net unrealized gains on investments	-	(90)	90
Allocations to non-current cash and investments	-	-	(12,402)
Cash used by investing activities	(21,223)	(23,925)	(48,434)
Financing activities:			
Capital contributions received	12,723	2,959	24,653
Principal payments on long-term debt	(123)	(257)	(210)
Proceeds from long-term debt	-	247	-
Allocations from non-current cash and investments	29,119	18,445	-
Cash generated from financing activities	41,719	21,394	24,443
Increase (decrease) in cash and investments	(43,766)	16,457	53,303
Cash and investments, beginning of year	79,941	83,368	30,065
Cash and investments, end of year	\$ 36,175	\$ 99,825	\$ 83,368

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 1 Authority, Purpose and Operations

The David Thompson Health Region (the "Region") was established June 24, 1994 under the *Alberta Regional Health Authorities Act*, is a registered charity under the *Income Tax Act* and exempt from payment of income tax. Effective April 1, 2009 the Region was disestablished and all the assets and liabilities were transferred to Alberta Health Services (Note 22).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Bentley Care Centre
Breton Health Centre
Centennial Centre for Mental Health and Brain Injury
Consort Hospital and Care Centre
Coronation Hospital and Care Centre
Drayton Valley Hospital and Care Centre
Drumheller Health Centre
Hanna Health Centre
Innisfail Health Centre
Lacombe Hospital and Care Centre
Olds Hospital and Care Centre

Castor Community Health Centre
Consort Community Health Centre
Coronation Community Health Centre
Drayton Valley Community Health Centre
Drumheller Environmental Health and Support Services
Eckville Community Health Centre
Elnora Community Health Centre
Johnstone Crossing Community Health Centre
Lacombe Community Health Centre
Olds Community Health Centre

Drayton Valley Mental Health Centre
Drumheller Mental Health Centre
Hanna Mental Health Centre
Lacombe Mental Health Centre
Olds Mental Health Centre
Ponoka Mental Health Centre

Ponoka Hospital and Care Centre
Red Deer Nursing Home
Red Deer Regional Hospital Centre
Red Deer Valley Park Manor Care Centre
Rimbey Hospital and Care Centre
Rocky Mountain House Health Centre
Stettler Hospital and Care Centre
Sundre Hospital and Care Centre
Three Hills Health Centre
Wetaskiwin Hospital and Care Centre

Ponoka Community Health Centre
Red Deer Bremner Ave. Community Health Centre
Red Deer 49th St. Community Health Centre
Rimbey Community Health Centre
Rocky Mountain House Community Health Centre
Stettler Community Health Services
Sundre Community Health Centre
Sylvan Lake Community Health Centre
Wetaskiwin Community Health Centre
Winfield Community Health Centre

Rimbey Mental Health Centre
Rocky Mountain House Mental Health Centre
Stettler Mental Health Centre
Three Hills Mental Health Centre
Wetaskiwin Mental Health Centre

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 1 Authority, Purpose and Operations (continued)

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 19.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

- (1) The financial statements were prepared on a going concern basis notwithstanding the new governance structure that became effective April 1, 2009 (Note 22).
- (2) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (3) These financial statements were prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the Region (Note 19(d)).
 - (i) The Region uses the proportionate consolidation method to account for its interests in Primary Care Networks (Note 19(c)).
- (4) These financial statements use the deferral method, the key elements of which are:
 - (i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.
 - (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
 - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital assets is recorded.
 - (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

- (v) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Ancillary operations reflect gross revenues earned through the various activities undertaken. Related expenses are reported under support services on the Consolidated Statement of Operations.

(b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 – *Capital Disclosures* of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

The Region complied with all debt covenants during the year.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosure (continued)

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

(c) Full Cost

The Region accounts for all costs and revenue from services for which it is responsible. The fair value of such services are recorded. Fair value transactions comprise the following:

- (i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as contracted health service expense of the Region.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Region's health programs.
- (iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Region do not include an amount for use of these facilities.
- (iv) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Contributions of other assets, supplies and services that the Region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported, as a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Region's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Region has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee future benefits (continued)

The Region does not record its portion of the plan's deficit or surplus. The Region fully accretes its obligations for employee non-pension future benefits.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives (Note 10). The cost of these benefits is actuarially determined using the projected benefit method pro-rated on service, a market interest rate, and an actuarial estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's SERP is fully funded on an annual basis.

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are capitalized. The purchase and sale of investments are accounted for using the trade date method of accounting.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Financial Instruments (continued)

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Contributions receivable from Alberta Health and Wellness	Loans and receivables
Loans – continuing care partnership projects	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of receivables, payables and loans – continuing care partnerships project approximate their fair value. The fair value of Investments is disclosed in Note 3 and the fair value of Long-term debt in Note 9. Unless otherwise noted, it is management's opinion that the region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at lower of cost and current replacement cost using the weighted average method of accounting. All other inventories are valued at lower of cost and net realizable value, on an individual item basis.

Note 2 Significant Accounting Policies and Reporting

(h) Capital Assets

Capital assets and work in progress are amortized over their estimated useful lives on a straight-line basis as follows:

Land improvements
Facilities and improvements
Equipment
Leased equipment

Capital assets with unit costs less than \$10,000 are not amortized until the project is complete. Capital assets owned by the Province of Alberta are amortized over their estimated useful lives. Long-term obligations are amortized over their estimated useful lives.

(i) Measurement uncertainty

The financial statements, by their nature, are subject to measurement uncertainty. Amortization of capital assets is based on estimates of the useful life of related assets. Services and diagnostic testing are estimated based on estimates.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 3 Cash and Investments (continued)

(v) Unrealized investment losses totalled \$645,000 at March 31, 2009. Of this amount, \$400,000 is related to unrestricted investments and has been recognized within the Consolidated Statement of Operations due to the likelihood that these investments will be liquidated during the next year. The balance of \$245,000 is related to restricted investments and is included within deferred contributions.

Note 4 Capital Assets

Capital Asset	Opening Balance April 1, 2008 (Restated) (Note 21)	Transfers from Capital Projects in Progress	Additions	Disposals	Closing Balance March 31, 2009
Land	\$ 6,577	\$ 1,154	\$ -	\$ -	\$ 7,731
Land improvements	11,293	-	-	(634)	10,659
Facilities and improvements	536,488	7,112	-	(95)	543,505
Equipment	146,381	12,609	6,981	(5,750)	160,221
Capital projects in progress	47,178	(20,875)	16,854	-	43,157
	<u>\$ 747,917</u>	<u>\$ -</u>	<u>\$ 23,835</u>	<u>\$ (6,479)</u>	<u>\$ 765,273</u>

Capital Asset	Accumulated Amortization				Net Book Value	
	Opening Balance April 1, 2008 (Restated) (Note 21)	Current Year Amortization	Accumulated Amortization on Disposals	Closing Balance March 31, 2009	March 31, 2009	March 31, 2008 (Restated) (Note 21)
Land	\$ -	\$ -	\$ -	\$ -	\$ 7,731	\$ 6,577
Land improvements	3,830	845	(634)	4,041	6,618	7,463
Facilities and improvements	227,374	15,546	(91)	242,826	300,679	309,114
Equipment	94,828	15,099	(5,715)	104,212	56,009	51,553
Capital projects in progress	-	-	-	-	43,157	47,178
	<u>\$ 326,032</u>	<u>\$ 31,490</u>	<u>\$ (6,443)</u>	<u>\$ 351,079</u>	<u>\$ 414,194</u>	<u>\$ 421,885</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 4 Capital Assets (continued)

(a) Leased equipment

Equipment was acquired through capital leases at a cost of \$849,000 (2008 \$602,000) with accumulated amortization of \$717,000 (2008 \$443,000).

Capital assets were funded from the following sources:

	2009	2008
Short-term debt	\$ 425	\$ 425
Long-term debt	441	451
Unamortized external capital contributions	379,339	389,842
Investment in capital assets from internally funded sources	<u>33,989</u>	<u>31,167</u>
	<u>\$414,194</u>	<u>\$421,885</u>

Note 5 Loans - Continuing Care Partnership Projects

	2009	2008
Loans receivable		
Continuum Healthcare Corporation	\$ 122	\$ 157
Michener Hill Village	7,563	1,314
Voluntary health service providers	<u>18,528</u>	<u>19,185</u>
	<u>\$26,213</u>	<u>\$20,656</u>

The Region has a non-interest bearing forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, \$35,416 (2008 \$35,872) was forgiven under the terms of the agreement.

The Region has signed contracts with three voluntary health service providers under the Private Public Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to build and operate continuing care and assisted living facilities within the region. The Region uses the forgivable mortgage model for reporting the contribution and advancement of funds. The provincial government supports partnerships between the Region and private, public or voluntary organizations by providing a one-time, up-front capital grant. The Region in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner as per the terms of the contract. During the year, \$657,047 (2008 \$657,047) was forgiven on the loans receivable and has been recorded in the facility based continuing care services expense.

Pursuant to these contracts, interest has been charged at the bank prime rate (2.50% at March 31, 2009) plus 2% on the loans receivable for a total of \$1,189,171 (2008 \$1,642,844). This amount is included in investment income. The interest has been forgiven and \$1,189,171 (2008 \$1,642,844) has been recorded in the facility based continuing care services expense. The remaining balance of the loans will be forgiven on a straight line basis or repaid over a term of 30 years.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 6 Other Assets

	<u>2009</u>	<u>2008</u>
Laboratory Loan Project	\$132	\$265
Mineral rights	24	24
Cooperative's shares	3	3
Accrued pension benefit	<u>505</u>	<u>536</u>
	<u>\$664</u>	<u>\$828</u>

The accrued pension benefit relates to the Supplementary Executive Retirement Plan, which is fully funded (Note 10).

Note 7 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	<u>2009</u>	<u>2008</u> (Restated) (Note 21)
Inpatient Acute Care Nursing	\$ 398	\$ -
Emergency and Outpatient Services	2,795	4,286
Continuing Care Services	1,433	1,607
Community based Services	4,484	6,273
Diagnostic and Therapeutic Services	1,280	1,179
Promotion, Prevention & Protection	1,450	1,208
Research and Education	163	223
Information Technology Programs	15,378	710
Support Services	396	684
Alberta Infrastructure	20,931	11,276
Pandemic Supplies	2,710	2,759
Human Resources Projects	8,555	-
Special Purpose Funds - Donations	8,771	8,676
Other	<u>23</u>	<u>2</u>
Total	<u>\$68,767</u>	<u>\$28,883</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 8 Deferred Capital Contributions

Balance at the end of the year is restricted for the following purposes:

	<u>2009</u>	<u>2008</u>
Equipment replacement	\$ 558	\$ 6,242
New construction	<u>5,403</u>	<u>12,296</u>
	<u>\$ 5,961</u>	<u>\$ 18,538</u>

Note 9 Long-term Debt

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Bank loan ⁽¹⁾	\$ 326	\$ 326	\$ 388	\$ 388
Obligations under capital lease ⁽²⁾	<u>115</u>	<u>115</u>	<u>63</u>	<u>63</u>
		<u>441</u>		<u>451</u>
Current portion		<u>(179)</u>		<u>(125)</u>
		<u>\$ 262</u>		<u>\$ 326</u>

Future principal payments are estimated for the year ended March 31:

	<u>Bank Loan</u>	<u>Capital Lease</u>	<u>Total</u>
2010	64	115	179
2011	67	-	67
2012	70	-	70
2013	72	-	72
2014 and thereafter	<u>53</u>	<u>-</u>	<u>53</u>
	<u>\$326</u>	<u>\$115</u>	<u>\$441</u>

(1) The bank loan is due in monthly installments of \$6,367 including interest at 3.85% (rate term expires on June 1, 2009). It is secured by a general assignment of book debts and matures November 2010 and is renewed annually, amortized to 2018.

(2) The capital lease expires on November 30, 2009. The implicit interest rate payable on the lease is 3%.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 10 Long-Term Employee Benefits

(a) Supplementary Executive Retirement Plan

	2009	2008
Accrued benefit obligation		
Accrued obligation, beginning of year	\$ 1,305	\$ 1,221
Current service cost	90	112
Interest cost	71	70
Prior service cost	-	1
Actuarial gain	(174)	(80)
Benefit payments	(42)	(19)
Accrued benefit obligation, end of year	<u>\$ 1,250</u>	<u>\$ 1,305</u>
Reconciliation of funded status of accrued benefit asset/liability		
Funded status of plan	362	165
Unamortized actuarial loss (gain)	(6)	147
Unamortized prior service costs	-	1
Unamortized initial obligation	149	223
Accrued benefit asset	<u>\$ 505</u>	<u>\$ 536</u>
Current service cost	90	113
Interest cost	71	69
Amortization of prior service costs	74	78
Amortization of net actuarial loss	27	18
Expected return on plan assets	(39)	(33)
Benefit cost	<u>\$ 223</u>	<u>\$ 245</u>
Significant actuarial assumptions are as follows:		
Discount rate	6.2%	5.2%
Expected return on plan assets	3.1%	2.6%
Expected average remaining service life of employees	9 years	9 years
Salary increase	4.0%	4.0%
The above information is based on the actuarial valuation performed at March 31, 2009. The Region's SERP is fully funded on an annual basis.		
Plan assets (held by trustee)		
Employer contributions - fair value of assets at March 31	766	731
Plan assets (held by Canada Revenue Agency)		
Employer contributions paid by refundable taxes	846	738
Total plan assets	<u>\$ 1,612</u>	<u>\$ 1,469</u>
Funded status of plan	<u>\$ 362</u>	<u>\$ 165</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 10 Long-Term Employee Benefits (continued)

(b) Pension Expense

Pension expense in these financial statements is equal to the Region's annual contributions of \$24,481,000 for the year ended March 31, 2009 (2008 \$21,474,000).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficit of \$4,413,971,000 (2007 deficit \$1,183,344,000).

Note 11 Accumulated (Deficit) surplus

The Region's accumulated (deficit) surplus comprises of the following:

	2009	2008
Accumulated (deficit) surplus	<u>\$(25,492)</u>	<u>\$ 8,678</u>

The Region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Note 12 Commitments and Contingencies

The Region is contingently liable for the buyback of 27 assisted living units at the option of and at 90% of the original cost to the purchaser. The average cost is \$100,000 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable. As at March 31, 2009, the Region was negotiating the sale of vacant units and the buy-back obligations on all other units with an arm's length not for profit organization.

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region. The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009. Contracted continuing care services total \$29,433,000 on an annual basis, subject to inflation and service requirements.

The Region is currently in the process of developing a new P3 project, Michener Hill Village, that would replace the 220 continuing care beds in Valley Park Manor and Red Deer Nursing Home. Funding in the amount of \$21,401,000 was received and cost to date total \$7,563,853.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 12 Commitments and Contingencies (continued)

The Region has committed to capital upgrade projects at the Rimbey Health Centre in the amount of \$20,000,000. Total costs to date are \$17,699,005 and total contributions to date are \$20,000,000.

The Region has committed to capital projects at the Red Deer Regional Hospital Cancer Centre, Red Deer Community Health Centre and the Michener Centre Site (Red Deer) in the amount of \$82,400,000. Total costs to date are \$21,581,518 and contributions to date total \$21,600,000.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to any pending litigation, the Region believes there will be no material adverse effect on its financial position.

Note 13 Budget

The budget was approved by Senior Management of the Region, and was submitted to Alberta Health and Wellness and Alberta Health Services.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 14 Alberta Health and Wellness Contributions

	2009	2008 (Restated) (Note 21)
Unrestricted contributions	\$ 549,494	\$ 558,390
Restricted contributions	37,706	65,186
Transfers to deferred contributions	(7,971)	(15,076)
Transfers to deferred capital contributions	(18,282)	(50,110)
Transfer to RSHWP project	(1,500)	-
Transfers from deferred contributions	18,290	15,778
Transfers from deferred capital contributions	1,336	10
Share of project funds held in trust (Note 20)	35	201
Share of Primary Care Networks	2,367	1,445
Restricted contributions made by Alberta Health and Wellness directly to other health service operators on the Region's behalf	4,216	1,241
	<u>\$ 585,691</u>	<u>\$ 577,065</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 15 Other Government Contributions

	2009	2008
Unrestricted Alberta Infrastructure	\$ -	\$ 5,220
Fair value of rent less rent charges for non-acute care facilities used by the Region	619	551
Transfers from deferred contributions	4,151	2,763
Transition grant from East Central Health Region (Note 23)	2,707	-
EMS Transition Grant from East Central Health Region	133	-
Transfers from deferred capital contributions	-	769
Workers Compensation Board - refund	1,352	1,746
Alberta Cancer Board	687	624
Other	728	-
	<u>\$ 10,377</u>	<u>\$ 11,673</u>

Note 16 Ancillary Operations

	2009				2008			
	Revenue	Direct Expenses	Amortization Expense	Excess (Deficiency) of Revenue over Expenses	Revenue	Excess (Deficiency) of Revenue over Expenses		
Non-patient food services	\$ 1,487	\$ 1,724	\$ 1	\$ (238)	\$ 1,798	\$ (143)		
Assisted living condos ⁽¹⁾	3	57	-	(54)	103	49		
Parking operations	1,250	851	-	399	1,189	232		
David Thompson Dispensary	1,607	1,709	-	(102)	1,654	(30)		
TV and telephones	116	65	-	51	120	61		
	<u>\$ 4,463</u>	<u>\$ 4,406</u>	<u>\$ 1</u>	<u>\$ 56</u>	<u>\$ 4,864</u>	<u>\$ 169</u>		

(1) Includes Designated Assisted Living:
Housing/hoteling component for only those facilities owned by a health region

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 17 Investment and Other Income

	2009	2008 (Restated) (Note 21)
Investment income	\$ 4,028	\$ 3,938
Unrealized investment losses recognized	(400)	-
Other income	12,925	11,098
	<u>\$ 16,553</u>	<u>\$ 15,036</u>

Investment income is comprised of interest, dividends, and net gains and losses on disposal of investments.

Other income is comprised of revenue from various programs and revenue and expense recoveries external to the Region.

Note 18 Changes in Non-cash Operating Working Capital

	2009	2008 (Restated) (Note 21)
Accounts receivable	\$ 3,706	\$ 1,730
Contributions receivable from Alberta Health and Wellness	205	5,103
Inventories	(810)	449
Prepaid expenses	746	523
Loans - continuing care partnership projects	(5,557)	(622)
Other assets	164	(282)
Accounts payable and accrued liabilities	14,596	(1,643)
Accrued vacation pay	2,226	1,792
Deferred contributions	29,884	11,584
Deferred contributions - continuing care partnership projects	(311)	20,842
	<u>\$ 44,849</u>	<u>\$ 39,476</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 19 Related Parties

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Region had the following transactions with other regional health authorities and provincial health boards recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

2009				2008			
Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
\$ 6,081	\$ 3,123	\$ 3,239	\$ 5,007	\$ 3,635	\$ 1,280	\$ 6,974	\$ 6,557

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions, Aspen Health Region, Chinook Health Region, David Thompson Health Region, East Central Health Region, Northern Lights Health Region, Palliser Health Region, and Peace Country Health Region, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2009	2008
Alberta Health and Wellness funding	\$ 2,949	\$ 3,607
Health Region contribution	948	3,688
Total	\$ 3,897	\$ 7,295
Reported as follows:		
Expenses	\$ 1,285	\$ 1,700
Capital assets	1,449	5,595
Total	\$ 2,734	\$ 7,295

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 19 Related Parties (continued)

(c) Primary Care Networks

The Region's interest in its Primary Care Networks (joint ventures) are included in the financial statements under the proportionate consolidation method at the following percentages:

Provost - Consort Primary Care Network	25%
1202762 Alberta Ltd. - Operating as Rocky Mountain House Primary Care Network	50%
1191451 Alberta Ltd. - Operating as Red Deer Primary Care Network	50%
Big Country Primary Care Network	50%
Wolf Creek Primary Care Network	50%

Audited financial statements were not available from the Primary Care Networks at the time of preparation of these financial statements.

(d) Foundations

The Region has an economic interest in the following foundations:

	Contributions Received by the Region	
	2009	2008
David Thompson Health Region Foundation	\$ 1,226	\$ 1,522
Wetaskiwin Health Foundation	208	552
Drayton Valley Health Services Foundation	337	248
Stettler Health Services Foundation	139	60
Coronation Health Centre Foundation	12	47
Drumheller Area Health Foundation	153	113
Consort Hospital Foundation		5
	\$ 2,075	\$ 2,547

Contributions are comprised of externally restricted amounts for equipment, programs, research and education.

Note 19 Related Parties (continued)

(d) Foundations (continued)

Included in accounts receivable are amounts due from the following foundations:

David Thompson Health Region Foundation
Wetaskiwin Health Foundation
Drayton Valley Health Services Foundation
Coronation Health Centre Foundation
Stettler Health Services Foundation
Drumheller Area Health Foundation

Resources of the foundations are used for health care centre in the community in which they are located.

Audited financial statements were not obtained for these financial statements. Additions to the David Thompson Health Region Foundation is provided for in the consolidated financial statements.

Assets
Liabilities
Net Assets

Revenue
Expense
Excess

Resources held at March 31:
Externally restricted
Unrestricted

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 21 Restatement of Prior Year Figures

(a) Based on new information provided to the Region, it has been determined that the Region has joint control over the Primary Care Networks. Accordingly, the Primary Care Networks have been included in the Financial Statements of the Region retroactively, using the proportionate consolidation method. This resulted in the following changes to the Financial Statements as reported for March 31, 2008:

	March 31, 2008 as Originally Stated	Adjustment	March 31, 2008 as Restated
Statement of Financial Position:			
Cash and investments	\$ 79,941	\$ 3,427	\$ 83,368
Accounts receivable	17,734	83	17,817
Prepaid expenses	2,061	2	2,063
Capital assets	421,742	143	421,885
	<u>\$ 521,478</u>	<u>\$ 3,655</u>	<u>\$ 525,133</u>
Accounts payable and accrued liabilities	\$ 45,279	\$ 176	\$ 45,455
Deferred contributions	35,547	3,336	38,883
Unamortized external capital contributions	389,699	143	389,842
	<u>\$ 470,525</u>	<u>\$ 3,655</u>	<u>\$ 474,180</u>
Statement of Operations:			
Alberta Health and Wellness contributions	\$ 575,620	\$ 1,445	\$ 577,065
Investment and other income	14,854	182	15,036
Amortized external capital contributions	24,654	43	24,697
	<u>\$615,128</u>	<u>\$1,670</u>	<u>\$616,798</u>
Community-based care	\$ 28,023	\$ 1,670	\$ 29,693

(b) The Consolidated Statement of Cash Flows has also been restated to correct for an error in 2008. Changes in non-cash operating working capital has been increased, and capital contributions received has been decreased, by \$8,179,000.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 22 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all the entities including the Region but excluding East Central Health were disestablished and all the assets, liabilities, rights and obligations of these entities including the Region were assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

Note 23 Transition and Restructuring Expenses

As at March 31, 2009, the Region recorded incremental transition and restructuring expenses, related to the transition to AHS, consisting of severance costs and termination benefits (Schedule 2). In the Consolidated Statement of Operations, these expenses are included in Administration. Additional incremental expenses related to the transition to AHS are also reported and disclosed in the financial statements of East Central Health.

	Severance- Related
Liability as at March 31, 2008	\$ -
Expenses	2,707
Payments made during the year	<u>(1,546)</u>
Liability as at March 31, 2009	<u>\$ 1,161</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

Note 24 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 25 Approval of Financial Statements

These consolidated financial statements have been approved by the Alberta Health Services Board.

Schedule 1

David Thompson Health Region
Consolidated Schedule of Expenses by Object
For the Year Ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget (Unaudited)	Actual	Actual (Restated)
Salaries and benefits (Schedule 2)	\$ 454,165	\$ 466,725	\$ 415,681
Contracts with health service operators (Note 19(c))	51,779	51,205	46,513
Drugs and gases	14,331	13,891	13,622
Medical and surgical supplies	15,883	16,119	14,935
Other contracted services	36,048	44,508	34,699
Interest on long-term debt	19	20	28
Other ⁽¹⁾	86,402	90,209	80,769
Amortization:			
Capital equipment - internally funded	5,900	5,157	4,825
Capital equipment - externally funded	12,076	9,978	8,666
Facilities and improvements - internally funded	367	330	329
Facilities and improvements - externally funded	16,336	16,061	16,031
	<u>\$ 693,306</u>	<u>\$ 714,203</u>	<u>\$ 636,098</u>
⁽¹⁾ Other:			
Building and equipment maintenance	\$ 21,212	\$ 17,662	
Diagnostic and therapeutic supplies	7,306	5,729	
Dietary supplies	7,423	6,687	
Insurance	1,810	1,733	
Minor equipment purchases	2,362	1,721	
Patient transport and staff travel	11,748	11,518	
Rental or lease of building and equipment	6,972	5,919	
Utilities	12,174	12,054	
Other	19,202	17,746	
	<u>\$ 90,209</u>	<u>\$ 80,769</u>	

The accompanying notes and schedules are an integral part of these consolidated financial statements

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David Thompson Health Region
Schedule of Salaries and Benefits
For the Year Ended March 31, 2009
(thousands of dollars)

	2009						2008			
	Number of FTEs ^(a)	Basic Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(e)}	Sub Total	Severance ^(e)			Number of FTEs ^(a)	Total
						Number of FTEs	Amount	Total		
Board Chair^(f)										
Ken Hughes - AHS	0.88	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	-
Jean Graham	0.12	-	13	-	13	-	-	13	1.00	41
Board Members^(g)										
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevelin - AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol - AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnert - AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje - AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-
Colleen Andersen	0.12	-	3	-	3	-	-	3	1.00	23
Gloria Bergman	0.12	-	3	-	3	-	-	3	1.00	12
Michael Dawe	0.12	-	3	-	3	-	-	3	1.00	13
Don Fowler	0.12	-	3	-	3	-	-	3	1.00	16
Irene Gataint	0.12	-	4	-	4	-	-	4	1.00	11
E. Sylvia Gillespie	0.12	-	3	-	3	-	-	3	1.00	12
Wama Moore	0.12	-	7	-	7	-	-	7	1.00	21
Wayne Notley	0.12	-	5	-	5	-	-	5	1.00	15
Brent Pedersen	0.12	-	4	-	4	-	-	4	1.00	15
Helen Posti	0.12	-	4	-	4	-	-	4	1.00	14
Kathy Rooyakkers	0.12	-	5	-	5	-	-	5	1.00	26
Sheila J. Taylor	0.12	-	5	-	5	-	-	5	1.00	16
Robert G. Thompson	0.12	-	4	-	4	-	-	4	1.00	11
Dorothy Ungstad	0.12	-	5	-	5	-	-	5	1.00	12
Sub-total	10.56	\$ -	\$ 71	\$ -	71	\$ -	\$ -	71	15.00	\$ 258

David Thompson Health Region
Schedule of Salaries and Benefits
For the Year Ended March 31, 2009
(thousands of dollars)

	2009							2008	
	Number of FTEs ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(i)}	Sub-total	Severance ^(e)		Number of FTEs ^(a)	Total
						Number of FTEs	Amount		
Board Direct Reports^(h)									
President and Chief Executive Officer - AHS ⁽ⁱ⁾	-	\$ -	\$ -	\$ -	-	-	\$ -	-	\$ -
Interim Chief Executive Officer - AHS ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-
President & CEO ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	0.3	97	12	67	176	1.0	970	1.00	422
CEO Direct Reports⁽ⁱ⁾									
Sr. Vice President & COO - Health Services ⁽ⁱⁱⁱ⁾	0.5	108	3	40	151	1.0	529	1.00	282
Vice President & COO - Corporate Services ^{(iii)(iv)}	1.0	216	4	46	266	-	-	1.00	254
Vice President - Public Health ⁽ⁱ⁾	1.0	167	4	34	205	-	-	1.00	188
Vice President - Capital Planning & Project Development ⁽ⁱ⁾	1.0	160	4	37	201	-	-	1.00	189
Vice President - Medicine	0.8	252	22	51	325	-	-	0.79	312
Vice President - Communications & Public Relations	0.8	115	2	25	142	1.0	335	1.00	161
Executive Director - Corporate & Legislative Affairs ⁽ⁱ⁾	1.0	123	4	24	151	-	-	1.00	130
Sub-total	6.4	1,238	55	324	1,617	3.0	1,834	7.79	1,938
Other management persons reporting to those above ⁽ⁱ⁾	38.3	4,796	39	916	5,751	4.0	834	39.54	5,787
Other management	232.1	22,756	101	4,425	27,282	-	-	235.65	26,109
Medical doctors not included above	3.5	1,014	15	86	1,115	-	-	2.85	932
Regulated nurses not included above									
- RNs, Reg. Psych. nurses, Grad nurses	1,525.5	111,812	24,756	22,471	159,039	1.0	2	1,483.50	146,665
- LPNs	436.5	21,911	2,792	4,253	28,956	-	-	425.27	24,743
Other health technical and professionals	1,037.0	69,955	4,151	13,990	88,096	-	-	993.49	77,458
Unregulated health service providers	899.7	32,289	4,606	6,009	42,904	1.0	8	839.35	36,105
Other staff	2,052.6	86,930	4,825	17,461	109,216	-	-	1,981.03	95,686
Total Staff	6,225.2	351,463	41,285	69,611	462,359	6.0	844	6,000.68	413,485
Total honoraria and staff	6,242.2	\$ 352,701	\$ 41,411	\$ 69,935	\$ 464,047	9.0	\$ 2,678	\$ 6,023.47	\$ 415,681

Schedule 2 (Continued)

David Thompson Health Region
Schedule of Salaries and Benefits
For the Year Ended March 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan^(f)

	2009			2008				
	Current Service Cost	Other SERP Costs	Total	Total	Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009	
President & CEO	\$ 13	\$ 52	\$ 65	\$ 90	\$ 506	\$ (27)	\$ 479	
Sr. Vice President & COO - Health Services	7	17	24	31	193	(14)	179	
Vice President & COO - Corporate Services	9	10	19	20	138	(4)	134	
Vice President - Public Health	5	1	6	6	32	(1)	31	
Vice President - Capital Planning & Project Development	5	5	10	10	49	1	50	
Vice President - Medicine	27	2	29	24	-	25	25	
Vice President - Communications & Public Relations	5	1	6	2	3	(3)	-	
Other management persons reporting to those above	19	45	64	62	384	(32)	352	
	<u>\$ 90</u>	<u>\$ 133</u>	<u>\$ 223</u>	<u>\$ 245</u>	<u>\$ 1,305</u>	<u>\$ (55)</u>	<u>\$ 1,250</u>	

David Thompson Health Region
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2009

- (a) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 11,817 (2008 10,487). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (b) Base salary includes pensionable base pay.
- (c) Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
- (d) Other non-cash benefits include:
- Employer's current service and prior costs of supplementary executive retirement plan per (f) below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- (e) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (f) Supplemental Executive Retirement Plan (SERP)
Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(d) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

- (g) On May 15, 2008, the Region according to Ministerial Order reflects the benefits of the AHS board members.
- (h) Board Direct Reports reflect the compensation of the AHS board members.
- (i) On July 8, 2008 the Region reflects the compensation of the AHS board members, provincial boards and the Interim CEO effective March 23, 2009. See the AHS board members' compensation report for details.
- (j) CEO Direct Reports reflect the compensation of the CEO and his direct reports subsequent to July 8, 2008 and the Interim CEO's compensation for the period prior to July 8, 2008.
- (k) These individuals are provided for information only.
- (l) Based on future SERP compensation projections within the 2008-09 fiscal period.
- (m) Effective November 1, 2008, the compensation of the AHS board members, provincial boards and the Interim CEO is reflected in the AHS Diagnostic Services – AHS.

East Central Health

Financial Statements

March 31, 2009

EAST CENTRAL HEALTH FINANCIAL STATEMENTS MARCH 31, 2009

Statement of Management Financial Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries and Benefits

Schedule 3 – Alberta Health Services Consolidated Schedule of Salaries and Benefits

Schedule 4 – Schedule of Assets, Liabilities and Net Assets Transferred to Alberta Health Services

EAST CENTRAL HEALTH
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2009

The accompanying financial statements are the responsibility of management and have been approved by senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which include communication of the code to employees.

Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

"Original signed"

Dr. Stephen Duckett
Chief Executive Officer
Alberta Health Services

"Original signed"

Alan F. Heyhurst, CA
Interim Chief Financial Officer
East Central Health

"Original signed"

Chris Mazurkewich, CA
Chief Financial Officer
Alberta Health Services

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009
(in thousands)

	2009	2008
	Actual	Actual
ASSETS		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 129,925	\$ 16,144
Accounts receivable	6,635	7,824
Contributions receivable from Alberta Health and Wellness	10,603	3,320
Inventories	2,533	2,530
	149,696	29,818
Non current cash, cash equivalents and investments (Note 3)	99,529	17,932
Capital assets (Note 4)	142,821	135,057
Other assets (Note 5)	396	825
TOTAL ASSETS	\$ 392,442	\$ 183,632
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 82,236	\$ 20,047
Accrued vacation pay	8,590	7,180
Deferred contributions (Note 6)	70,510	9,112
	161,336	36,339
Deferred contributions (Note 6)	230	220
Deferred capital contributions (Note 7)	99,299	17,712
Unamortized external capital contributions	131,410	123,005
	392,275	177,276
Net Assets		
Accumulated deficit (Note 20)	(11,244)	(5,696)
Investment in capital assets	11,411	12,052
	167	6,356
TOTAL LIABILITIES AND NET ASSETS	\$ 392,442	\$ 183,632

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2009	2008
	Budget	Actual
	(Note 11)	Actual
Revenue		
Alberta Health and Wellness contributions (Note 12)	\$ 240,165	\$ 322,968
Other government contributions (Note 13)	2,100	3,081
Fees and charges	21,423	22,115
Ancillary operations (Note 14)	677	645
Donations	10	193
Investment and other income (Note 15)	4,758	2,779
Amortized external capital contributions	7,964	8,555
TOTAL REVENUE	277,097	360,336
Expenses (Schedule 1)		
Inpatient acute nursing services	46,410	49,245
Emergency and outpatient services	10,223	12,994
Facility-based continuing care services	45,942	48,146
Community-based care	15,063	16,597
Home care	23,397	26,076
Diagnostic and therapeutic services	42,960	45,386
Promotion, prevention and protection services	7,385	9,768
Administration	17,272	21,405
Information technology	10,156	9,796
Support services	58,229	60,171
Amortization of facilities and improvements	3,893	3,861
Transition expenses (Note 19)	-	66,196
TOTAL EXPENSES	280,940	369,641
Deficiency of revenue over expenses before transfers	(3,843)	(9,305)
Transfer of HBA Services (Note 9)	-	3,116
Deficiency of revenue over expenses after transfers	\$ (3,843)	\$ (6,189)

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

(in thousands)

	<u>2009</u>			<u>2008</u>
	<u>Accumulated Deficit</u>	<u>Investment in capital assets</u>	<u>Total</u>	<u>Total</u>
Balance at beginning of year	\$ (5,696)	\$ 12,052	\$ 6,356	\$ 8,763
Deficiency of revenue over expenses	(6,189)	-	(6,189)	(2,407)
Transfer of HBA Services (Note 9)	(488)	488	-	-
Capital assets purchased with internal funds	(2,215)	2,215	-	-
Amortization of internally funded capital assets	3,344	(3,344)	-	-
Balance at end of year	<u>\$ (11,244)</u>	<u>\$ 11,411</u>	<u>\$ 167</u>	<u>\$ 6,356</u>

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	\$ (3,843)	\$ (6,189)	\$ (2,407)
Non-cash transactions:			
Amortization (Schedule 1)	10,928	11,899	10,928
Amortized external capital contributions	(7,964)	(8,555)	(7,965)
Disposals - externally funded	-	-	(21)
(Gain)/Loss on disposal of capital equipment	-	(5)	18
Unrealized loss on investments (Note 15)	-	1,146	8
Transfer of HBA Services Capital Assets (Note 9)	-	(488)	-
Changes in non-cash working capital account	(3)	118,900	6,517
Cash (used by) generated from operations	(882)	116,708	7,078
Investing activities:			
Purchase of investments	-	(118,660)	(16,692)
Purchase of capital assets:			
internally funded - equipment	(840)	(2,215)	(2,097)
internally funded - work in progress	-	-	(308)
externally funded - equipment	(2,500)	(4,661)	(2,842)
externally funded - facilities and improvements	(14,000)	(279)	(154)
externally funded - work in progress	-	(12,019)	(23,403)
Proceeds on sale of investments	6,500	12,557	19,310
Proceeds on disposal of capital assets	-	5	3
Increase (decrease) in other assets	-	429	(117)
Allocations from non-current cash	-	23,360	5,152
Change in accounting policy	-	-	472
Cash used by investing activities	(10,840)	(101,483)	(20,676)
Financing activities:			
Increase (decrease) in non-current deferred contributions	-	10	(299)
Capital contributions received	10,000	98,546	19,121
Cash generated from financing activities	10,000	98,556	18,822
Increase (decrease) in current cash, cash equivalents and investments	(1,722)	113,781	5,224
Current cash, cash equivalents and investments, beginning of year	16,144	16,144	10,920
Current cash, cash equivalents and investments, end of year	\$ 14,422	\$ 129,925	\$ 16,144

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2009
(in thousands)

Note 1 Authority, Purpose and Operations

East Central Health (the "Region") was established on June 24, 1994 under the Alberta Regional Health Authorities Act. The Region is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009, the Region will become Alberta Health Authority and will operate as Alberta Health Services ("AHS"). The Region will assume the assets and liabilities of the other regional health authorities, Alberta Mental Health Board, Alberta Cancer Board, and the Alberta Alcohol and Drug Abuse Commission (Note 18).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Mynnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 16.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements were prepared on a consolidated basis and include the following:
 - (i) The Region uses the proportionate consolidation method to account for its 11.8% interest in the Regional Shared Health Information Program ("RSHIP") (Note 16(b)).
 - (ii) The Region uses the proportionate consolidation method to account for its 50% interest in the Camrose Local Primary Care Initiative and its 25% interest in the Provost - Consort Primary Care Network (Note 16(c)).
 - (iii) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(d), which are controlled by the Region.
- (3) These financial statements use the deferral method, the key elements of which are:
 - (i) Unrestricted contributions are recognized as revenue in the year receivable.
 - (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
 - (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
 - (iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
 - (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
 - (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosures

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions and investment in capital assets. The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

Where a Region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 20).

(c) Full Cost

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as the Region's contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value for use of acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where there is insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is fully funded.

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the settlement date accounting method.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations, deferred contributions or directly in net assets. "Loans and Receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and equivalents	Held for trading
Investments	Held for trading
Accounts receivable and contributions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued vacation pay	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

The carrying value of the above approximate their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant interest, current or credit risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost and current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

(h) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	3-20 years

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(i) Accounting Policy Changes

The Canadian Institute of Chartered Accountants ("CICA") has issued new sources of generally accepted accounting principles which have not yet been applied but may impact the Region.

In December 2006, the CICA issued Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation which replaces Section 3861 Financial Instruments Disclosure and Presentation. These standards will expand the disclosure requirements placing an increased emphasis on disclosures about the risks associated with recognized and unrecognized financial instruments and how those risks are managed. The Region will review these new standards and the impact, if any, will be reflected in the Region's financial statements for the year ended March 31, 2010.

In September 2008, the CICA issued new accounting standard Section 4470 - Disclosure of Allocated Expenses. This section takes effect for the Region beginning April 1, 2009. The standard requires the Region to disclose policies adopted for the allocation of fundraising and general support expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. The impact of this new standard will be reflected in the financial statements for the year ending March 31, 2010.

(j) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. The restructuring cost to transfer employees to the Local Authorities Pension Plan is based on assumptions and actuarial calculations. Actual results could differ from estimates.

Note 3 Cash, cash equivalents and investments

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash and cash equivalents	\$ 220,468	\$ 220,442	\$ 23,482	\$ 23,482
Bonds	6,302	6,392	6,400	6,290
Equities	2,684	3,773	4,194	4,312
Total	<u>\$ 229,454</u>	<u>\$ 230,607</u>	<u>\$ 34,076</u>	<u>\$ 34,084</u>
Classified as:				
Current	\$ 129,925		\$ 16,144	
Non-current	99,529		17,932	
Total cash, cash equivalents and investments	<u>\$ 229,454</u>		<u>\$ 34,076</u>	

(a) To optimize returns at an acceptable risk level, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

Fixed-income securities, such as bonds, have an effective yield of 6.05% per year, and 3.00% per annum for securities maturing between 1 and 40 years. As at March 31, 2009, the securities have the following maturity structure:

1 to 5 years	97%
6 to 10 years	1%
Over 10 years	2%

(b) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

Note 4 Capital Assets

	Cost					Closing Balance March 31, 2009
	Opening Balance April 1, 2008	Transfers from Work in Progress	Additions	Assets transferred from HBA (Note 6)	Disposals	
Land	\$ 1,674	\$ -	\$ -	\$ -	\$ -	\$ 1,674
Land improvements	7,090	-	-	-	-	7,090
Buildings and improvements	137,548	719	-	-	-	137,547
Leasehold improvements	127	-	-	487	-	504
Furniture and equipment	57,330	2,832	8,245	1,121	570	68,958
Construction and technology projects in progress	32,898	(2,811)	14,930	-	-	44,916
	<u>\$ 231,457</u>	<u>\$ -</u>	<u>\$ 13,175</u>	<u>\$ 1,578</u>	<u>\$ 570</u>	<u>\$ 294,540</u>

	Accumulated Amortization				Net Book Value 2008	Net Book Value 2009
	Opening Balance April 1, 2008	Current year amortization	Amortization on disposals	Assets transferred from HBA (Note 6)		
Land	\$ -	\$ -	\$ -	\$ -	\$ 1,674	\$ 1,674
Land improvements	2,307	105	-	-	2,412	750
Buildings and improvements	96,995	3,712	-	-	50,321	50,321
Leasehold improvements	57	55	-	140	272	79
Furniture and equipment	29,041	8,071	130	990	57,654	58,520
Construction and technology projects in progress	-	-	-	-	-	44,916
	<u>\$ 128,400</u>	<u>\$ 11,943</u>	<u>\$ 130</u>	<u>\$ 1,130</u>	<u>\$ 111,059</u>	<u>\$ 135,057</u>

Capital assets were funded from the following sources:

	2009	2008
Externally funded (unamortized external capital contributions)	\$ 131,410	\$ 123,005
Internally funded (invested in capital assets)	11,411	12,052
	<u>\$ 142,821</u>	<u>\$ 135,057</u>

Note 5 Other Assets

Other assets include the accrued pension benefit relating to the Supplementary Retirement Plan which is fully funded.

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Current		
Alberta Health and Wellness:		
EMS Transition	\$ 33,212	\$ -
Alberta Health Services Transition (Note 19)	13,804	-
Acute Care Pressure Relief	7,200	-
Mental Health Grants	6,285	2,340
Syphilis Prevention Response	2,000	-
Life Skills Training	898	-
Hip&Knee Replacement Continuum	616	213
Clinical Telehealth	602	-
Continuing Care - Case Management	459	303
Healthy Weights	429	363
Cardiac Access Collaborative	354	324
Pandemic Influenza Supplies	331	579
Health Care Aide Training	329	-
Continuing Care - Clinical Specialists	319	-
Privacy & Security 2005	242	242
Primary Pediatric Model	203	143
Specialists on call program	78	683
Immunization Strategy	58	217
Rural on call program	27	18
Continuing Care - Implement Standards	-	33
Various projects <\$200,000 each	458	886
Other contributors:		
Primary Care Initiatives	1,369	1,349
Stroke Strategy	622	998
ACB Screening	37	300
Various projects <\$200,000 each	478	121
	<u>70,510</u>	<u>9,112</u>
Non-Current		
Alberta Department of Seniors and Community Supports:		
Healthy aging partnership initiatives (HAPI)	230	220
Total	<u>\$ 70,740</u>	<u>\$ 9,332</u>

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Equipment replacement	\$ 277	\$ 4,879
Information technology projects	715	267
Building systems upgrade initiative	1,418	1,342
Infrastructure maintenance program	6,591	2,307
Hand hygiene strategy	741	480
Reducing & avoiding injury initiative	1,077	1,100
New construction	88,480	7,337
	<u>\$ 99,299</u>	<u>\$ 17,712</u>

Note 8 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

The Region has a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan is fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

Note 8 Long-Term Employee Benefits (continued)

	2009	2008
Accrued Benefit Obligation		
Accrued obligation, beginning of year	\$ 1,389	\$ 1,142
Accrued obligation, HBA Services Nov 1, 2008	491	-
Current service cost	164	71
Interest cost	79	63
Benefits paid	(553)	-
Actuarial (gain) loss	(184)	113
Accrued obligation, end of year	<u>\$ 1,386</u>	<u>\$ 1,389</u>
Reconciliation of funded status of accrued benefit asset		
Funded status of plan (deficit)	\$ 264	\$ (104)
Unamortized actuarial (gain) loss	(116)	291
Unrecognized initial obligation	248	638
Accrued benefit asset	<u>\$ 396</u>	<u>\$ 825</u>
Current service cost	\$ 164	\$ 71
Interest cost	79	63
Actual return on assets	(5)	(18)
Amortization of initial obligations	390	93
Amortization of actuarial (gain) loss in year	(184)	114
Difference between expected and actual return on assets	(34)	(13)
Difference between recognized and actual actuarial loss (gain) in year	294	(90)
Net Benefit Cost	<u>\$ 704</u>	<u>\$ 220</u>
Significant actuarial assumptions are as follows		
Discount rate	6.20%	5.20%
Expected return on plan assets	3.10%	2.60%
Expected average remaining service life of employees	8 years	7 years
Salary scale increases per year	4.00%	4.00%

The above information is based on the annual actuarial valuation performed as of March 31 for each fiscal year.

Plan assets (held by trustee)

Employer contributions		
Fair value of assets - March 31	\$ 807	\$ 655

Plan assets (held by Canada Revenue Agency)

Employer contributions paid as refundable taxes	843	630
Total plan assets	<u>\$ 1,650</u>	<u>\$ 1,285</u>

Funded status of plan - Surplus (deficit)	<u>\$ 264</u>	<u>\$ (104)</u>
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Note 8 Long-Term Employee Benefits (continued)**(b) Pension Expense**

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$6,456 for the year ended March 31, 2009 (2008 \$5,379).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2008 – deficiency of \$1,183,334).

Note 9 Transfer of Provincial Health Authorities of Alberta operating as Health Boards of Alberta (HBA Services)

The Provincial Health Authority of Alberta (PHAA) operating as Health Boards of Alberta (HBA Services) was transferred to the Region on November 1, 2008. All assets and liabilities including all rights, obligations, commitments and contingencies were transferred to the Region at the carrying values.

As a result of the transfer net assets increased as follows:

	Assets	Liabilities	Accumulated surplus/ (deficit)	Investment in capital assets	Total net assets
HBA Services November 1, 2008	\$ 4,572	\$ 1,456	\$ 2,628	\$ 488	\$ 3,116

Note 10 Commitments and Contingencies**(a) Commitments**

- (i) The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 16(f)). The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.
- (ii) In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of \$54.40 per MWh. Based on 2009 consumption, the annual costs for the year ending March 31, 2010 are expected to be \$1,425.

Note 10 Commitments and Contingencies (continued)

- (iii) The Region is committed to operating lease payments in future years as follows:

2010	\$ 882
2011	530
2012	253
2013	79
2014 and after	68
	<u>\$ 1,812</u>

The leases expire at various dates from 2009 to 2015.

- (iv) Alberta Health Services will take over the delivery of Emergency Medical Services (EMS) for the entire province on April, 1, 2009. While some services will be merged into operations, Alberta Health Services is contracting for delivery of EMS in many communities in the province and has signed contracts with total commitments over the next two years:

2010	\$ 208,327
2011	98,660

- (v) The Region is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

Lloydminster Continuing Care Project	\$ 1,751
Vermilion Long Term Care Project	201
Viking Acute Care Expansion Project	674
Central Sterilization Renovation Projects	358
Ambulance Bay - Provost	166
	<u>\$ 3,150</u>

Note 10 Commitments and Contingencies (continued)**(b) Contingencies**

The Region has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable, and no liability is recorded at this time.

The Region has a contingent liability in respect of claims relating to the failure of St. Joseph's Hospital to provide adequate infection control and safety measures to prevent contamination of medical equipment. The total amount of these claims is in excess of \$40 million. The outcome of the claims is not determinable, and no liability is recorded at this time.

In the ordinary course of operations, various other claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

Note 11 Budget

The budget was approved by Senior Management and submitted to the Minister of Health and Wellness in early fiscal 2008-2009.

Over the course of the fiscal year, the Minister provided additional funding of \$10,000. The Board has allocated these additional resources to address funding expectations.

Note 12 Alberta Health and Wellness Contributions

	2009	2008
Unrestricted contributions	\$ 235,552	\$ 208,973
Other one time grants	-	1,500
Transfer from deferred contributions - transition grant (Note 19)	66,196	-
Transfer from deferred contributions - other	13,029	8,992
Transfer from deferred capital contributions	8,191	3,042
	<u>\$ 322,968</u>	<u>\$ 222,507</u>

Note 13 Other Government Contributions

	2009	2008
Alberta Government:		
Fair value adjustments	\$ 1,473	\$ 1,367
Transfers from deferred contributions	1,608	686
	<u>\$ 3,081</u>	<u>\$ 2,053</u>

Note 14 Ancillary Operations

	2009			2008		
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue Over Expenses	Revenue	Excess of Revenue Over Expenses
Non-patient food services	\$ 565	\$ 559	\$ 6	\$ -	\$ 673	\$ (2)
Rental operations	29	16	-	13	39	26
Other	50	47	-	3	59	27
	<u>644</u>	<u>622</u>	<u>6</u>	<u>16</u>	<u>771</u>	<u>51</u>
Amortized external capital contributions	1	-	-	1	1	1
Total	<u>\$ 645</u>	<u>\$ 622</u>	<u>\$ 6</u>	<u>\$ 17</u>	<u>\$ 772</u>	<u>\$ 52</u>

Ancillary expenses are reported in support services in the Statement of Operations.

Note 15 Investment and Other Income

	2009	2008
Investment income	\$ 197	\$ 262
Unrealized loss on investments	(1,146)	(8)
Workers Compensation rebates	323	680
Primary Care Networks	347	178
Other revenue	3,058	2,685
	<u>\$ 2,779</u>	<u>\$ 3,797</u>

Investment income comprises interest, dividends, amortization of discount (premiums) and realized gains or losses on investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 16 Related Parties

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry.

The Region had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Health Quality Council of Alberta	2	3	-	-	-	6	-	-
Other Regional Health Authorities and Provincial Health Boards	498	55,911	56	52,665	708	1,518	431	132
Total	\$ 500	\$ 55,914	\$ 56	\$ 52,665	\$ 708	\$ 1,524	\$ 431	\$ 132

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions (Chinook Regional Health Authority, Palliser Health Region, David Thompson Regional Health Authority, East Central Health, Aspen Regional Health Authority, Peace Country Health and Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2009	2008
Alberta Health and Wellness Funding	\$ 624	\$ 1,676
Region contribution	541	959
	\$ 1,165	\$ 2,635
Expensed	\$ 593	\$ 1,435
Capitalized	\$ 572	\$ 1,200

Note 16 Related Parties (continued)

(c) Primary Care Networks

The Authority's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Region's 50% share	
	2009	2008
Camrose Local Primary Care Initiative		
Opening balance	\$ 1,300	\$ 1,095
Contributions from Alberta Health and Wellness	244	321
Amounts recognized as revenue	(230)	(116)
Amounts deferred	\$ 1,314	\$ 1,300
Provost - Consort Primary Care Network		
	Region's 25% share	
	2009	2008
Opening balance	\$ 49	\$ 66
Contributions from Alberta Health and Wellness	86	45
Amounts recognized as revenue	(80)	(62)
Amounts deferred	\$ 55	\$ 49

Note 16 Related Parties (continued)

(d) Foundations

The following controlled foundations are not consolidated in these financial statements:

(1) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of the Viking community.

	2008	2007
Assets	\$ 2,209	\$ 2,205
Liabilities	(49)	(63)
Net assets	\$ 2,160	\$ 2,142
Revenue	\$ 223	\$ 598
Expenses	(193)	(178)
Excess of revenue over expenses	\$ 30	\$ 420

(2) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

	2008	2007
Assets	\$ 17	\$ 31
Liabilities	-	-
Net assets	\$ 17	\$ 31
Revenue	\$ 28	\$ 15
Expenses	(44)	(9)
Excess (deficiency) of revenue over expenses	\$ (16)	\$ 6

The resources of the foundation amounting to \$17 (2007 - \$31) have been restricted by donors for the exclusive use of the Tofield community.

Note 16 Related Parties (continued)

	Contributions received by Health Region		Resources held by the Foundation	
	Year ended March 31,		at March 31, 2008	
	2009	2008	Externally Restricted	Unrestricted
Viking Health Foundation	\$ 31	\$ 56	\$ -	\$ 2,160
Tofield and Area Health Services Foundation	-	42	17	-
Net assets	\$ 31	\$ 98	\$ 17	\$ 2,160

(e) Other Foundations

The Region has an economic interest in the Daysland General Hospital Foundation and the Wainwright & District Community Health Foundation.

The Region is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of each community.

(f) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2009			2008		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	\$ 97,243	\$ 14,255	\$ 111,498	\$ 86,658	\$ 12,056	\$ 98,714
Fees and charges	10,275	1,022	11,297	9,493	929	10,422
Full cost adjustments	828	-	828	828	-	828
Total	\$ 108,346	\$ 15,277	\$ 123,623	\$ 96,979	\$ 12,985	\$ 109,964

Note 17 Trust Funds

The Region is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Building Health System Leadership Capacity project, the Alzheimer's Dementia project, Camrose Local Primary Care Initiative and the Provost - Consort Primary Care Network. These amounts are not reported in the statements.

During the year the Region received \$1,977 and disbursed \$4,737. The balance of funds held by the Region is \$1,370.

Note 18 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness issued Ministerial Order #50/2008 to restructure the governance model of health services delivery in Alberta.

Accordingly, effective April 1, 2009, Aspen Regional Health Authority, Calgary Health Region, Capital Health, Chinook Regional Health Authority, David Thompson Regional Health Authority, Northern Lights Health Region, Palliser Health Region, and Peace Country Health will be disestablished along with the Alberta Cancer Board, Alberta Mental Health Board, and Alberta Alcohol and Drug Abuse Commission.

The boundary of East Central Health was expanded to cover the entire the province of Alberta, with the name being changed to the "Alberta Health Region", which will operate as Alberta Health Services. All assets and liabilities including obligations, commitments and contingencies of the disestablished regions and the other entities referred to above, will be transferred to the Alberta Health Region on April 1, 2009.

The assets, liabilities and net assets that will be transferred to Alberta Health Services on April 1, 2009 are reported on Schedule 4.

Note 19 Transition and Restructuring Expenses

The Region received \$80 million in funding from Alberta Health and Wellness for the costs of transitioning to AHS. These costs consist of severance costs and termination benefits, professional services, consulting costs, transferring employees to LAPP, unfunded supplemental executive retirement plan obligations and payments and other applicable transition expenses.

The costs incurred by the other entities are recorded in their financial statements with offsetting revenue and receivables from the Region. As the recipient of the grant, the Region has recognized contributions from Alberta Health and Wellness (Note 12) and transition costs in the Statement of Operations. In the Schedule of Expense by Object (Schedule 1), the Region's transition and restructuring costs are included in salaries and benefits and are not included in transition expenses. The Region has recorded a payable to the other entities for the transition costs incurred by them as described below:

	Severance	Other Costs	Amount Expensed	Unfunded SERP	Capitalized	Total
Alberta Cancer Board	\$ 2,194	\$ -	\$ 2,194	\$ -	\$ -	\$ 2,194
Alberta Mental Health Board	988	301	1,289	341	-	1,630
Alberta Alcohol and Drug Abuse Commission	-	181	181	-	-	181
Aspen Regional Health Authority	-	55	55	-	-	55
Calgary Health Region	6,619	1,067	7,686	12,929	4,258	24,873
Capital Health	5,606	554	6,160	6,844	-	13,004
Chinook Regional Health Authority	523	164	687	957	-	1,644
David Thompson Health Region	2,707	-	2,707	-	-	2,707
Northern Lights Health Region	573	35	608	-	-	608
Palliser Health Region	1,056	-	1,056	-	-	1,056
Peace Country Health	683	84	767	306	-	1,073
	20,949	2,441	23,390	21,377	4,258	49,025
East Central Health	1,639	15,532	17,171	-	-	17,171
	\$ 22,588	\$ 17,973	\$ 40,561	\$ 21,377	\$ 4,258	66,196
Balance included deferred contributions (Note 6)						13,804
Total grant received						\$ 80,000

Note 19 Transition and Restructuring Expenses (continued)

As at March 31, 2009, the Region's transition and restructuring expenses related to the transition to AHS as described above are as follows:

	Severance- Related Charges	Other Charges	Total
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts Expensed	1,639	15,532	17,171
Payments made during the year	(316)	(8,532)	(8,848)
Liability as at March 31, 2009	\$ 1,323	7,000	\$ 8,323

The Region has recorded an expense of \$1.3 million for Alberta Alcohol and Drug Abuse Commission and \$5.7 million for Alberta Cancer Board related to the transfer of employees from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009. This expense is included in other charges above. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.

Note 20 Accumulated Deficit

The Region has reported an accumulated deficit at March 31, 2009. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, Alberta Health Services must provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all regions within three years of it being incurred.

Note 21 Comparative Figures

Certain 2008 figures have been reclassified to match their 2009 presentation.

Note 22 Approval of financial statements

These financial statements have been approved by the Alberta Health Services Board.

Schedule 1

EAST CENTRAL HEALTH
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	Budget	2009	2008
Salaries and benefits (Schedule 2)	\$ 109,835	\$ 125,554	\$ 99,314
Contracts with health service providers (Note 16(f))	113,937	123,623	109,964
Drugs and gases	1,658	1,768	1,675
Medical and surgical supplies	1,528	2,066	1,964
Other contracted services	8,008	19,488	8,120
Other ⁽¹⁾	35,047	36,223	28,354
Amortization:			
Capital equipment - internally funded	2,963	3,287	2,916
Capital equipment - externally funded	4,118	4,751	4,119
Facilities and improvements - internally funded	-	57	47
Facilities and improvements - externally funded	3,846	3,804	3,846
Loss (Gain) on sale of equipment	-	(5)	18
Transition expenses incurred by other Health Regions and Provincial Health Boards (Note 19)	-	49,025	-
	<u>\$ 280,940</u>	<u>\$ 369,641</u>	<u>\$ 260,337</u>
⁽¹⁾ Other:			
Utilities	\$ 3,440	\$ 3,195	\$ 2,950
Buildings and ground maintenance	8,796	4,585	2,796
Staff travel costs	2,948	3,125	2,728
Patient transportation	2,137	1,927	1,916
Food supplies	1,923	2,119	1,824
Minor equipment	1,761	1,255	1,743
Insurance	595	542	544
Other	13,447	19,475	13,853
Total	<u>\$ 35,047</u>	<u>\$ 36,223</u>	<u>\$ 28,354</u>

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
MARCH 31, 2009
(in thousands)

	2009							2008	
	Number of FTE's ⁽¹⁾	Base Salary ⁽²⁾	Other Cash Benefits ⁽³⁾	Other Non- Cash Benefits ⁽⁴⁾	Sub-total	Severance ⁽⁵⁾		Number of FTE's ⁽¹⁾	Total
						Number of Individuals	Amount		
Board Chair ^(a)									
K. Hughes - AHS	0.88	\$ -	\$ 77	\$ -	\$ 77	-	\$ -	-	\$ -
E. Andersen	-	-	-	-	-	-	-	0.13	13
Board Members ^(a)									
J. Ady - AHS	0.88	-	49	-	49	-	-	-	-
L. Andreachuk - AHS	0.33	-	20	-	20	-	-	-	-
G. Bontje - AHS	0.33	-	22	-	22	-	-	-	-
T. Bougie - AHS	0.33	-	20	-	20	-	-	-	-
J. Clifford - AHS	0.33	-	23	-	23	-	-	-	-
P. Crevolin - AHS	0.21	-	10	-	10	-	-	-	-
S. Crowfoot - AHS	0.33	-	22	-	22	-	-	-	-
T. Franceschini - AHS	0.33	-	20	-	20	-	-	-	-
L. Hohol - AHS	0.88	-	48	-	48	-	-	-	-
A. Laupacis - AHS	0.33	-	20	-	20	-	-	-	-
J. Lehnert - AHS	0.88	-	49	-	49	-	-	-	-
I. Lewis - AHS	0.88	-	49	-	49	-	-	-	-
C. Roozen - AHS	0.63	-	27	-	27	-	-	-	-
D. Sieben - AHS	0.88	-	51	-	51	-	-	-	-
G. Winkel - AHS	0.33	-	-	-	-	-	-	-	-
M. Arnold	-	-	-	-	-	-	-	0.13	5
R. Crooker	-	-	-	-	-	-	-	0.13	4
P. Gulak	-	-	-	-	-	-	-	0.13	5
L. Heinemann	-	-	-	-	-	-	-	0.13	2
J. Hunter	-	-	-	-	-	-	-	0.13	3
R. Israelson	-	-	-	-	-	-	-	0.13	7
L. Johnson	-	-	-	-	-	-	-	0.13	2
C. Mastel	-	-	-	-	-	-	-	0.13	5
O. Olineck	-	-	-	-	-	-	-	0.13	8
J. Rudkowsky	-	-	-	-	-	-	-	0.13	6
M. Schreiber	-	-	-	-	-	-	-	0.13	4
Total Board Compensation	8.76	-	507	-	507	-	-	1.56	64

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
MARCH 31, 2009
(thousands of dollars)

	2009					2008				
	Number of FTE's ⁽¹⁾	Base Salary ⁽²⁾	Other Cash Benefits ⁽³⁾	Other Non- Cash Benefits ^{(4) (7)}	Sub-total	Severance ⁽⁵⁾		Total	Number of FTE's ⁽¹⁾	Total
						Number of Individuals	Amount			
Board Direct Reports ^(b)										
President and Chief Executive Officer - AHS ^(c)	0.02	\$ 17	\$ 94	\$ 5	\$ 116	-	\$ -	\$ 116	-	\$ -
Interim Chief Executive Officer - Contracted Service - AHS ^(d)	0.88	481	-	-	481	-	-	481	-	-
Chief Executive Officer - Region ^{(b) (n)}	-	-	498	-	498	-	-	498	0.40	745
Official Administrator - Contracted Service - Region ^{(6) (c)}	0.30	119	-	-	119	-	-	119	0.60	263
CEO Direct Reports ^(f)										
Executive Operating Officer, Continuum of Care - AHS	0.79	363	42	133	538	1	1,323	1,861	-	-
Interim Chief Operating Officer, Corporate Services - Contracted Service- AHS ^{(6) (c)}	0.45	178	9	-	187	-	-	187	-	-
Special Assistant to the Chief Executive Officer, Corporate Services - Contracted Services - AHS	0.33	61	13	17	91	-	-	91	-	-
Vice President, Medical Services - Region	1.00	308	-	113	421	-	-	421	1.10	406
Vice President, Operations - Region ⁽⁶⁾	1.00	172	-	52	224	-	-	224	1.00	210
Chief Financial Officer - Region	1.00	191	21	44	256	1	316	572	1.00	187
Chief Corporate Services Officer - Region	1.00	159	-	41	200	-	-	200	1.00	191
Director, Communications - Region	1.07	91	-	16	107	-	-	107	0.80	90
Total Board and Executive	16.60	2,140	1,184	421	3,745	2	1,639	5,384	7.46	2,156
Management reporting to CEO Reports	20.97	2,428	96	445	2,969	-	-	2,969	16.50	2,054
Other management	79.45	7,194	121	1,388	8,703	-	-	8,703	65.70	6,939
Restructuring costs to transfer employees to LAPP ^(g)	-	-	-	7,000	7,000	-	-	7,000	-	-
Regulated nurses not included above										
RN's, Reg. Psych. Nurses, Grad nurses	296.32	23,488	2,669	4,967	31,124	-	-	31,124	281.90	28,064
LPN's	133.89	7,148	764	1,388	9,300	-	-	9,300	128.20	7,640
Other health technical and professionals	239.59	16,764	990	3,226	20,980	-	-	20,980	222.70	17,990
Unregulated health service providers	410.92	11,976	1,567	2,369	15,912	-	-	15,912	370.90	12,666
Other staff	493.66	19,554	224	4,404	24,182	-	-	24,182	475.30	21,805
Total	1,691.40	\$ 90,692	\$ 7,615	\$ 25,608	\$ 123,915	2	\$ 1,639	\$ 125,554	1,568.66	\$ 99,314

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 2,338 (2008 - 2,288). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, shift and responsibility premiums, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
 - a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.
 - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.
 - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Automobile provided. No dollar amount included in other non-cash benefits.
- (7) Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- a) On May 15, 2008, the Region's board (which had already been replaced by two Official Administrators in July 2007), along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in these financial statements.
- b) Board Direct Reports for Region employees reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008. Included are the AHS Board Direct Reports whose costs are reflected in the accounts of the Region.
- c) The President and Chief Executive Officer – AHS was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of the Region.
- d) The Interim Chief Executive Officer - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Costs incurred are reported in the accounts of the Region.
- e) On July 8, 2008 the Official Administrator for the Region was transferred to AHS as Chief Operating Officer – Corporate Services.
- f) CEO Direct Reports for Region employees reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Included are AHS CEO Direct Reports whose costs are reflected in the accounts of the Region. All other AHS positions are disclosed in Schedule 3 and costs are reported in the respective Regions' records.
- g) The Region has recorded an expense of \$1.3 million for AADAC and \$5.7 million for ACB related to the transfer of employees from PSPP to LAPP effective April 1, 2009. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.
- h) The previous Chief Executive Officer left the Region in July 2007, however the SRP lump sum was not paid out until April 2008.

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan

	2009			2008			
	Current Service Cost	Other SERP Costs	Total	Total	Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
Chief Executive Officer - Region ^(d)	\$ -	\$ 498	\$ 498	\$ 84	\$ 579	\$ (579)	\$ -
Executive Operating Officer - AHS ^(b)	90	5	95	-	-	66	66
Vice President - Medical Services - Region	45	45	90	77	442	2	444
Vice President - Operations - Region	10	18	28	26	164	(18)	146
Chief Financial Officer - Region ^(a)	7	12	19	17	97	60	157
Chief Corporate Services Officer - Region	6	12	18	16	107	(4)	103
Other ^(c)	6	(50)	(44)	-	-	470	470
	<u>\$ 164</u>	<u>\$ 540</u>	<u>\$ 704</u>	<u>\$ 220</u>	<u>\$ 1,389</u>	<u>\$ (3)</u>	<u>\$ 1,386</u>

(a) Receiving annual pension of \$10.3 indefinitely

(b) Paid lump sum of \$66.0 subsequent to March 31, 2009

(c) Relates to former HBA Services employees who were merged with the Region on November 1, 2008

(d) Paid lump sum of \$532.2

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

2009								
	Number of FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non- Cash Benefits ^{(d) (f)}	Subtotal	Severance ^(e)		Total
						Number of Individuals	Amount	
Board Chair^(g)								
Ken Hughes	0.88	\$ -	\$ 77	\$ -	\$ 77	-	\$ -	\$ 77
Board Members^(g)								
Jack Ady	0.88	-	49	-	49	-	-	49
Pierre Crevolin	0.21	-	10	-	10	-	-	10
Catherine Roozen	0.63	-	27	-	27	-	-	27
Linda Hohol	0.88	-	48	-	48	-	-	48
John Lehnars	0.88	-	49	-	49	-	-	49
Irene Lewis	0.88	-	49	-	49	-	-	49
Don Sieben	0.88	-	51	-	51	-	-	51
Lori Andreachuk	0.33	-	20	-	20	-	-	20
Gord Bontje	0.33	-	22	-	22	-	-	22
Teri Lynn Bougie	0.33	-	20	-	20	-	-	20
Jim Clifford	0.33	-	23	-	23	-	-	23
Strater Crowfoot	0.33	-	22	-	22	-	-	22
Tony Franceschini	0.33	-	20	-	20	-	-	20
Andreas Laupacis	0.33	-	20	-	20	-	-	20
Gord Winkel	0.33	-	-	-	-	-	-	-
	8.76	\$ -	\$ 507	\$ -	\$ 507	-	\$ -	\$ 507

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	Number of FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non- Cash Benefits ^{(d) (f)}	Subtotal	2009 Severance ^(e)		Total
						Number of Individuals	Amount	
Board Direct Reports								
President and Chief Executive Officer ^(j)	0.02	\$ 17	\$ 94	\$ 5	\$ 116	-	\$ -	\$ 116
Interim Chief Executive Officer – Contracted Service ^(k)	0.88	481	-	-	481	-	-	481
CEO Direct Reports								
Executive Operating Officer, Continuum of Care ^(l)	0.71	363	42	133	538	1	1,323	1,861
Chief Operating Officer, Performance Improvement and Clinical Support Services ^{(i) (m)}	1.00	335	-	55	390	-	-	390
Chief Operating Officer, Urban ^{(n) (h)}	1.00	316	140	203	659	-	-	659
Chief Operating Officer, Community and Rural ^(o)	1.00	385	-	332	717	-	-	717
Interim Chief Operating Officer, Health Strategies, Research and Design ^(p)	1.00	324	-	70	394	1	351	745
Interim Chief Financial Officer ^{(q) (h)}	1.00	314	140	618	1,072	1	782	1,854
Interim Chief Operating Officer, Corporate Services - Contracted Service ^{(i) (r)}	0.45	178	9	-	187	-	-	187
Special Assistant to the Chief Executive Officer, Corporate Services - Contracted Service ^(s)	0.33	61	13	17	91	-	-	91
Interim Chief Operating Officer, Change Management ^{(h) (t)}	1.00	269	63	44	376	1	602	978
Senior Physician Executive ^(u)	1.00	380	95	104	579	-	-	579
	9.39	3,423	596	1,581	5,600	4	3,058	8,658
Total Board and Executive	18.15	\$ 3,423	\$ 1,103	\$ 1,581	\$ 6,107	4	\$ 3,058	\$ 9,165

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan

	2009			Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	
Executive Operating Officer, Continuum of Care ^(v)	\$ 90	\$ 5	\$ 95	\$ 66
Chief Operating Officer, Performance Improvement and Clinical Support Services	29	2	31	49
Chief Operating Officer, Urban	101	98	199	915
Chief Operating Officer, Community and Rural	33	277	310	394
Interim Chief Operating Officer, Health Strategies, Research and Design ^(v)	42	11	53	210
Interim Chief Financial Officer ^(v)	91	520	611	-
Interim Chief Operating Officer, Change Management ^(v)	18	8	26	141
Senior Physician Executive	75	22	97	334

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- a. Full-time equivalents (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 12.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime, vacation payouts and lump sum payments.
- d. Other non-cash benefits include:
 - Employer's current and prior service cost of supplementary retirement plans per (f) below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

- g. On May 15, 2008, the Alberta Health Services ('AHS') interim board was appointed. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Honorariums and benefits of the AHS board members are reported in the financial statements of East Central Health.
- h. These individuals are provided with an automobile allowance. Dollar amounts are included in other cash benefits (c) above.

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- i. These individuals are provided with an automobile. Dollar amounts are not included in non-cash benefits (d) above.
- j. The President and CEO was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of East Central Health.
- k. The Interim CEO was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. The incumbent's contract was terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- l. This position was appointed effective July 8, 2008 and terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- m. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Aspen Regional Health Authority.
- n. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- o. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Chinook Regional Health Authority.
- p. This position was appointed effective July 8, 2008 and terminated effective April 30, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Alberta Cancer Board.
- q. This position was appointed effective July 8, 2008, and terminated effective March 31, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- r. This position was appointed effective July 8, 2008, and terminated effective November 27, 2008. Costs incurred, and reflected from July 8, 2008 to November 27, 2008, are reported in the accounts of East Central Health.
- s. This position was appointed effective December 2, 2008. Costs incurred are reported in the accounts of East Central Health.
- t. This position was appointed effective January 22, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region. The incumbent will be departing December 31, 2009.
- u. This position was appointed effective February 9, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- v. Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who departed within the 08-09 fiscal period:

Name	Pension Income (not in thousands)	Frequency	Term
Executive Operating Officer, Continuum of Care	\$ 66,010	Lump-Sum	One-Time
Interim Chief Financial Officer	1,186,758	Lump-Sum	One-Time

The Interim Chief Operating Officer, Health Strategies, Research and Design and Interim Chief Operating Officer, Change Management are eligible for SERP benefits, but have not yet elected their pension income arrangement.

EAST CENTRAL HEALTH
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS TRANSFERRED TO ALBERTA HEALTH SERVICES
MARCH 31, 2009
(thousands of dollars)

	Assets	Liabilities	Unrestricted net assets		Investment in capital assets	Endowments	Total net assets
			Accumulated surplus/ (deficit)	Accumulated net unrealized gains/ (losses) on investments			
Alberta Alcohol and Drug Abuse Commission	\$ 27,081	\$ 10,782	\$ 16,299	\$ -	\$ -	\$ -	\$ 16,299
Alberta Cancer Board	300,056	237,408	3,990	2,175	46,181	10,302	62,648
Alberta Mental Health Board	120,029	111,674	10,482	(2,716)	589	-	8,355
Aspen Regional Health Authority	254,729	245,703	(6,459)	-	15,485	-	9,026
Calgary Health Region	3,519,550	3,463,231	(218,886)	(2,736)	277,941	-	56,319
Capital Health	2,944,195	2,836,705	(102,671)	(14,460)	224,621	-	107,490
Chinook Regional Health Authority	314,922	319,481	(23,042)	-	18,333	150	(4,559)
David Thompson Health Region	589,872	581,375	(25,492)	-	33,989	-	8,497
East Central Health	392,442	392,275	(11,244)	-	11,411	-	167
Northern Lights Health Region	206,786	156,598	29,703	(1)	20,486	-	50,188
Palliser Health Region	131,737	117,425	5,942	-	8,370	-	14,312
Peace Country Health	255,883	263,464	(21,440)	-	13,859	-	(7,581)
	<u>\$ 9,057,282</u>	<u>\$ 8,736,121</u>	<u>\$ (342,818)</u>	<u>\$ (17,738)</u>	<u>\$ 671,265</u>	<u>\$ 10,452</u>	<u>\$ 321,161</u>

NORTHERN LIGHTS HEALTH REGION

FINANCIAL STATEMENTS

MARCH 31, 2009

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

NORTHERN LIGHTS HEALTH REGION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2009

The accompanying financial statements are the responsibility of management and have been approved by senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directive issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which include communication of the code to employees.

The Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

"Original signed by
Dr. Stephen Duckett"

Chief Executive Officer

"Original signed by
Chris Mazurkewich"

AHS - Chief Financial Officer

"Original signed by
Gill Danby"

Chief Financial Officer

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Northern Lights Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

NORTHERN LIGHTS HEALTH REGION STATEMENT OF FINANCIAL POSITION

March 31, 2009
(in thousands)

	2009 Actual	2008 Actual
ASSETS		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 54,315	\$ 34,550
Accounts receivable	6,626	8,226
Contributions receivable from Alberta Health and Wellness	212	1,747
Inventories	1,148	997
Prepaid expenses	487	634
	62,788	46,154
Non-current cash, cash equivalents and investments (Note 3)	37,726	39,160
Capital assets (Note 4)	106,272	85,900
Other assets	-	68
TOTAL ASSETS	\$ 206,786	\$ 171,282
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 22,409	\$ 14,617
Accrued vacation pay	3,911	3,554
Deferred contributions (Note 5)	6,766	6,851
	33,086	25,022
Deferred contributions (Note 5)	4	4
Deferred capital contributions (Note 6)	37,722	39,224
Unamortized external capital contributions	85,786	78,240
	156,598	142,490
Net assets		
Accumulated surplus	29,703	21,129
Investment in capital assets	20,486	7,660
Cumulative net unrealized (losses)/gains on investments	(1)	3
Operating net assets	50,188	28,792
Commitments and contingencies (Note 8)		
TOTAL LIABILITIES AND NET ASSETS	\$ 206,786	\$ 171,282

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
	(Note 9)		
Revenue			
Alberta Health and Wellness contributions (Note 10)	\$ 151,866	\$ 153,301	\$ 143,111
Other government contributions (Note 11)	2,252	3,300	2,521
Fees and charges	11,457	12,247	9,495
Ancillary operations (Note 12)	1,290	1,689	1,219
Donations	1,533	952	802
Investment and other income (Note 13)	2,915	2,585	2,666
Amortized external capital contributions	8,155	6,744	6,468
TOTAL REVENUE	179,468	180,818	166,282
Expenses (Schedule 1)			
Inpatient acute nursing services	40,323	36,704	31,076
Emergency and outpatient services	19,485	16,124	11,330
Facility-based continuing care services	8,961	8,388	5,801
Community-based care	5,467	4,906	4,820
Home care	5,476	4,224	3,555
Diagnostic and therapeutic services	27,829	25,370	21,648
Promotion, prevention and protection services	12,162	10,480	8,723
Administration	17,005	15,404	13,077
Information technology	6,438	6,355	6,049
Support services	30,639	29,690	25,064
Amortization of facilities and improvements	5,632	4,197	4,001
TOTAL EXPENSES	179,417	161,842	135,144
Excess of revenue over expense	\$ 51	\$ 18,976	\$ 31,138

The accompanying notes and schedules are part of these financial statements.

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NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2009
(in thousands)

	2009			2008	
	Accumulated surplus	Investment in capital assets	Cumulative net unrealized gains/(losses) on investments	Total	Total
Balance at beginning of year	\$ 21,129	\$ 7,660	\$ 3	\$ 28,792	\$ (2,349)
Excess of revenue over expense	18,976	-	-	18,976	31,138
Capital assets purchased with internal funds	(11,560)	11,560	-	-	-
Externally-funded land purchase transfer		2,424		2,424	
Amortization of internally funded capital assets	1,092	(1,092)	-	-	-
Loss on disposal of internally funded capital assets	66	(66)	-	-	-
Cumulative net unrealized (losses)/gains on investments					
Unrealized gains and losses on available for sale financial assets arising during the year	-	-	(4)	(4)	-
Reclassification adjustments for gains and losses included in excess of revenue over expense	-	-	-	-	3
Balance at end of year	<u>\$ 29,703</u>	<u>\$ 20,486</u>	<u>\$ (1)</u>	<u>\$ 50,188</u>	<u>\$ 28,792</u>

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess of revenue over expenses	\$ 51	\$ 18,976	\$ 31,138
Non-cash transactions:			
Unrealized loss on investments	-	(4)	
Amortization (Schedule 1)	10,204	7,373	7,322
Amortized external capital contributions	(8,155)	(6,744)	(6,468)
Loss on Disposal of Capital Assets - Internal	-	66	-
- External	-	463	-
Changes in non-cash working capital account	(1,087)	11,195	2,022
Cash generated from operations	<u>1,013</u>	<u>31,325</u>	<u>34,014</u>
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(500)	(4,443)	(1,192)
Internally funded - facility and improvements	(15,790)	(7,117)	(2,474)
Externally funded - equipment	(2,000)	(3,333)	(5,787)
Externally funded - facility and improvements	(38,348)	(13,381)	(2,683)
Allocations to (from) non-current cash, cash equivalents and investments	17,586	1,434	(34,373)
Allocations to (from) long term receivable	(2,432)	68	3,307
Increase (decrease) in long term portion of deferred non-capital contributions	(4)	-	3
Cash used by investing activities	<u>(41,488)</u>	<u>(26,772)</u>	<u>(43,199)</u>
Financing activities:			
Capital contributions received	25,198	15,212	39,535
Principal payments on bank loan	-	-	(120)
Cash generated from financing activities	<u>25,198</u>	<u>15,212</u>	<u>39,415</u>
Increase (decrease) in current cash, cash equivalents and investments	<u>(15,277)</u>	<u>19,765</u>	<u>30,230</u>
Current cash, cash equivalents and investments, beginning of year	<u>32,784</u>	<u>34,550</u>	<u>4,320</u>
Current cash, cash equivalents and investments, end of year	<u>\$ 17,507</u>	<u>\$ 54,315</u>	<u>\$ 34,550</u>

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009
(in thousands)

Note 1 Authority, Purpose and Operations

Northern Lights Health Region ("the Region") was established June 24, 1994 under the Alberta Regional Health Authorities Act, is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services. (Note 16).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Northern Lights Regional Health Centre
Northern Lights Public Health (Ft. McMurray)
Northwest Health Centre
St. Theresa General Hospital
Rainbow Lake Health Centre
La Crete Health Centre
Paddle Prairie Health Centre
Ft. Vermillion Health Centre
Zama City Nursing Station
La Crete Continuing Care Centre

The financial statements do not include the assets, liabilities and operations of private facilities providing health services in the region, except as disclosed in Note 14.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

(2) These financial statements were prepared on a consolidated basis and include the following:

Wood Buffalo Primary Care Network
Northwest Primary Care Network

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Region uses the proportionate consolidation method to account for its 50 % interest in each of the listed Primary Care Networks.

(3) These financial statements use the deferral method, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and

Note 2 Significant Accounting Policies and Reporting Practices (continued)

- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

(c) Full cost

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as the Region's contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value to use acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value to use non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where there is insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. The Region's policy is for the plan to be fully funded based on the annual plan valuation. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. As at March 31, 2009 the plan is fully funded.

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using trade date accounting.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable, contributions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying values of current cash and cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, and accounts payable approximate their fair value because of the short-term maturity of these items. It is management's opinion that the Region is not exposed to significant interest rate, currency, credit or market risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as weighted average cost) and net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Useful life of capital equipment, salary and vacation pay liabilities and the accrued benefit asset of the Supplementary Retirement Pension are subject to measurement uncertainty. Actual results could differ from estimates.

Note 3 Cash, cash equivalents and investments

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	\$ 55,730	\$ 55,730	\$ 57,915	\$ 57,915
Guaranteed Investment Certificates	453	453	152	152
Bankers Acceptance	35,858	35,859	15,643	15,640
Total	\$ 92,041	\$ 92,042	\$ 73,710	\$ 73,707
Classified as:				
Current	\$ 54,315	54,316	\$ 34,550	\$ 34,547
Non Current	37,726	37,726	39,160	39,160
Total cash and investments	\$ 92,041	\$ 92,042	\$ 73,710	\$ 73,707

Note 3 Cash, cash equivalents and investments (continued)

- Guaranteed Investment Certificates maturing on September 3rd, 2009 are guaranteed by the Canada Deposit Insurance Corporation and bear interest at 4.14% paid annually. The effective yield for GIC's is 4.14%.
- To optimize returns at an acceptable risk level, management has established a policy asset mix of 100% for fixed-income instruments and 0% for equities. Risk is reduced through diversification.
- Fixed income instruments are invested as follows:

	<u>Weighting</u>	<u>Effective Yield</u>	<u>Maturity</u>
Banker's Acceptance Note	98.8%	0.43%	April 13, 2009
GIC's	1.2%	4.14%	September 3, 2009

Non-current cash and investments represent the following:

	<u>2009</u>	<u>2008</u>
Externally restricted for capital acquisition	\$ 37,722	\$39,224
Less: Capital contributions receivable	-	(68)
Externally restricted for specialized training	4	4
	<u>\$ 37,726</u>	<u>\$ 39,160</u>

Note 4 Capital Assets

Capital Asset	Cost			
	Opening Balance April 1, 2008	Additions	Disposals	Closing Balance March 31, 2009
Land	\$ 1,109	\$ 2,424	\$ -	\$ 3,524
Site Improvements	5,116	1,128	14	6,230
Buildings	97,046	15,002	13	112,035
Building Service Equipment	21,002	1,603	99	22,506
Equipment	39,703	7,776	3,000	44,479
Construction in Progress	4,122	341	-	4,463
	\$ 168,089	\$ 28,274	\$ 3,126	\$ 193,237

Note 4 Capital Assets (continued)

Accumulated Amortization				Net Book Value 2009	Net Book Value 2008
	Opening Balance April 1, 2008	Current year amortization net of disposals	Closing Balance March 31, 2009		
Land	\$ -	\$ -	\$ -	\$ 3,524	\$ 1,100
Site Improvements	4,239	98	4,337	1,893	877
Buildings	42,165	3,215	45,380	66,655	54,881
Building Service Equipment	12,115	782	12,897	9,609	8,887
Equipment	23,670	681	24,351	20,128	16,033
Construction in Progress	-	-	-	4,463	4,122
	\$ 82,189	\$ 4,776	\$ 86,965	\$ 106,272	\$ 85,900

Capital assets were funded from the following sources:

	2009	2008
Externally funded (unamortized external capital contributions)	\$85,786	\$78,240
Internally funded (invested in capital assets)	20,486	7,660
	<u>\$ 106,272</u>	<u>\$ 85,900</u>

Note 5 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Current		
Restricted Specialist On Call	\$ 330	\$ 774
Restricted Continuing Care Initiatives	553	560
Restricted MHIF ACT Program	155	371
Restricted Healthy Weights Initiatives	482	397
Restricted Innovation Immunization Fund	117	244
Restricted Telehealth	50	76
Restricted MHIF Mental Wellness/ Addictions Training	23	196
Restricted Ground Ambulance	44	116
Restricted Alberta Telestroke Program	134	104
Restricted Young Family Wellness	-	49
Restricted Telehome Care	61	79
Restricted EHR Client Registry Transition Support	-	6
Restricted Rainbow Lake Clinical Telehealth	26	43
Restricted Nunee Health	-	233
Pandemic Supplies	645	645
Restricted Alberta Health - Other	93	160
RSHIP	468	-
Modified Work Program	144	-
Children's Mental Health	44	61
Alberta Stroke Strategy	1,218	992
AB Telehealth Initiative	354	120
Cardiac Access - Wait Time Management	69	136
Drinking Water Systems	37	62
HCA - In Service Training	54	28
Colorectal Cancer Screening	259	259
Hip & Knee Replacement	312	105
Back & Spine Care	118	119
Woman Wellness	6	64
Wood Buffalo Primary Care Network	504	649
Northwest Primary Care Network	327	-
Restricted - Other	139	206
	<u>\$ 6,766</u>	<u>\$ 6,851</u>
Non-current	<u>4</u>	<u>4</u>
Total	<u>\$ 6,770</u>	<u>\$ 6,855</u>

Note 6 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Equipment replacement	\$ -	\$ 65
Improvement of capital assets	12,060	13,180
New construction	25,662	25,979
	<u>\$ 37,722</u>	<u>\$ 39,224</u>

Note 7 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. For further discussion, see Note 2(d). The Region provides a defined benefit Supplementary Retirement Plan to senior executives (SRP). SRP is fully funded as at March 31, 2009. Information related to the SRP defined benefit plan, based on actuarial estimations as at March 31, 2009 is as follows:

	2009	2008
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 527	\$ 399
Current service cost	44	62
Interest cost	29	24
Actuarial loss (gain)	(25)	48
Benefit payments	(19)	(6)
Accrued obligation, end of year	<u>\$ 556</u>	<u>\$ 527</u>
Reconciliation of funded status of accrued benefit asset / liability		
Funded status of plan (deficit)	43	(65)
Unrecognized actuarial loss	106	126
Unrecognized initial obligation	142	161
Accrued benefit asset (liability)	<u>\$ 291</u>	<u>\$ 222</u>
Current service cost	44	62
Interest cost	29	24
Actual return on assets	3	(6)
Amortization of prior service costs	18	18
Actuarial loss (gain) in year	(25)	48
Difference between expected and actual return on assets	(17)	(5)
Difference between recognized and actual actuarial loss (gain) in year	37	(42)
Benefit cost	<u>\$ 89</u>	<u>\$ 99</u>
Significant actuarial assumptions are as follows:		
Discount rate	6.20%	5.20%
Expected average remaining service life of employees	12 years	12 years
Salary increase	4.00%	3.50%
The above information is based on the actuarial valuation performed as at March 31, 2009.		
Plan Assets (held by trustee)		
Employer contributions -fair value of assets at March 31	283	230
Plan Assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	316	232
Total plan assets	<u>\$ 599</u>	<u>\$ 462</u>
Funded status of the plan	<u>\$ 41</u>	<u>\$ (65)</u>

Note 7 Long-Term Employee Benefits (continued)

(b) Pension Expense

Pension expense in these financial statements is equal to the Region's annual contributions payable and is comprised of the following:

	2009	2008
Local Authorities Pension Plan	\$ 4,736	\$ 3,300
Defined contribution pension plans	166	134
Supplementary Retirement Plan	44	62
	<u>\$ 4,946</u>	<u>\$ 3,496</u>

At December 31, 2008 the Local Authorities Pension Plan reported a deficiency of \$4,413,971, (2007 deficiency of \$1,183,334).

Note 8 Commitments and Contingencies

a) Commitments

The Region is committed under contracts for service contracts, capital construction and leases until 2017 for the following payments:

Year	Amount
2010	\$ 6,359
2011	1,908
2012	1,266
2013	759
2014	360
Thereafter	419
	<u>\$ 11,071</u>

b) Legal

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

Note 9 Budget

The budget was approved by senior management and submitted to the Minister of Health and Wellness on June 4, 2008.

Note 10 Alberta Health and Wellness Contributions

	2009	2008
Unrestricted contributions	\$ 147,817	\$ 139,451
Transfers from deferred contributions	5,484	3,660
	<u>\$ 153,301</u>	<u>\$ 143,111</u>

Note 11 Other Government Contributions

	2009	2008
Alberta Government		
Transfers from deferred contributions	\$ 1,042	\$ 1,173
Transition grant from East Central Health Region (Note 17)	608	
Other Government	<u>1,650</u>	<u>1,348</u>
	<u>\$ 3,300</u>	<u>\$ 2,521</u>

Note 12 Ancillary Operations

	2009				2008			
	Revenue	Expenses	Amortization Expense	Excess (Deficiency) of Revenue over Expense	Revenue	Expenses	Amortization Expense	Excess (Deficiency) of Revenue over Expense
Parking operations	\$ 288	\$ -	\$ -	\$ 288	\$ 279	\$ 275	\$ -	\$ 4
Non-patient food services	629	610	-	19	567	2	-	565
Sale of goods and services	367	280	-	87	208	(21)	-	229
Rental operations	403	276	54	73	161	(427)	-	628
Other	2	671	-	(669)	4	(460)	-	464
Total	<u>\$ 1,689</u>	<u>\$ 1,837</u>	<u>\$ 54</u>	<u>\$ (202)</u>	<u>\$ 1,219</u>	<u>\$ (631)</u>	<u>\$ -</u>	<u>\$ (1,812)</u>

Ancillary expenses are reported as support services in the Statement of Operations.

Note 13 Investment and other income

	2009	2008
Investment income	\$ 1,035	\$ 1,063
Transfers from deferred contributions	111	92
Other income:		
Immunization recoveries	114	106
Other recoveries	1,325	1,405
	<u>\$ 2,585</u>	<u>\$ 2,666</u>

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Note 14 Related Parties**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Region had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 1,067	\$ 1,291	\$ 1,601	\$ 59	\$ 210	\$ 123	\$ 1,149	\$ 343

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions:

David Thompson Health Region	Chinook Regional Health Authority
Peace Country Health Region	East Central Health Region
Aspen Health Region	Palliser Health Region
Northern Lights Health Region	

have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

Note 14 Related Parties (continued)

	2009	2008
AHW Funding	\$ 462	\$ 473
Health Region contribution	432	538
Total	<u>\$ 894</u>	<u>\$ 1,011</u>
Reported as follows:		
Expenses	\$ 863	\$ 1,011
Capital assets	31	-
Total	<u>\$ 894</u>	<u>\$ 1,011</u>

(c) Primary Care Networks

The Region's share of the Wood Buffalo & Northwest Primary Care Network is included in the financial statements under the proportionate consolidation method.

	Region's 50 % share	
	2009	2008
Opening Balance	\$ 649	\$ 644
Contributions from AHW	1,100	900
Amounts recognized as revenue	(918)	(895)
Amounts deferred	<u>\$ 831</u>	<u>\$ 649</u>

(d) Foundations

The following controlled foundations are not consolidated in these statements:

Northern Lights Regional Health Foundation - The Region significantly influences the Northern Lights Regional Health Foundation through its representation on the Board of Directors.

	2009	2008
Assets	\$ 4,522	\$ 3,746
Liabilities	3,178	1,576
Net assets	<u>\$ 1,344</u>	<u>\$ 2,170</u>
Revenue	\$ 2,313	\$ 5,059
Expenses	1,382	4,569
Excess of revenue over expense	<u>\$ 931</u>	<u>\$ 490</u>

Note 14 Related Parties (continued)

Northwest Health Foundation - The Region significantly influences the Northwest Health Foundation through its representation on the Board of Directors.

	2009	2008
Assets	\$ 84	\$ 22
Liabilities	45	1
Net assets	<u>\$ 39</u>	<u>\$ 21</u>
Revenue	\$ 147	\$ 28
Expenses	124	25
Excess of revenue over expense	<u>\$ 23</u>	<u>\$ 3</u>

	Contributions received by Health Region		Resources held by Foundation	
	Year ended March 31		At March 31, 2009	
	2009	2008	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	\$ 691	\$ 3,705	\$ 1,243	\$ 3,178
Northwest Health Foundation	45	-	1	38
Net assets	<u>\$ 736</u>	<u>\$ 3,705</u>	<u>\$ 1,244</u>	<u>\$ 3,216</u>

Resources of the Northern Lights Regional Health Foundation amounting to \$1,243 have been restricted for the exclusive use within the Regional Municipality of Wood Buffalo.

(e) Contracts with Health Service Providers

The Region has an economic interest through its contracts with private health service providers in the region. Funding was provided as follows:

	2009	2008
Direct Region funding	\$10,132	\$7,627
Direct AHW funding	233	58
Fees and charges	-	-
Full cost adjustments	-	-
Total	<u>\$10,365</u>	<u>\$7,685</u>

Note 15 Trust Funds

The Region receives funds in trust from Continuing Care residents for Continuing Care accommodation fees and incidental costs. These amounts are not reported in the statements. At March 31, 2009, the balance of funds held by the Region is \$144.

Note 16 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities including the Region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities including the Region will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

Note 17 Transition Costs

As at March 31, 2009, the Region recorded transition costs and restructuring changes in the Statement of Operations. The charges consist of severance costs and termination benefits, professional services, consulting costs and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration, Support Services and Information Technology.

	Severance- Related Charges	Other Charges	Total
(thousands of dollars)			
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Restructuring charges	573	35	608
Payments made during the year	(573)	(35)	(608)
Liability as at March 31, 2009	\$ -	\$ -	\$ -

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transitioning cost incurred as described above.

Note 18 Comparative Figures

Certain 2009 figures have been reclassified to match their 2008 presentation.

Note 19 Approval of Financial Statements

These financial statements have been approved by the Alberta Health Services Board.

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF EXPENSES BY OBJECT
For the Year Ended March 31, 2009
(In thousands)

Schedule 1

	2009		2008
	Budget	Actual	Actual
Salaries and Benefits (Schedule 2)	\$ 106,337	\$ 94,035	\$ 82,420
Contracts with health service providers (Note 14 (e))	10,240	10,365	7,685
Drugs and gases	1,848	1,652	1,670
Medical and surgical supplies	3,364	3,358	3,095
Other contracted services	15,227	17,477	11,933
Other *	32,197	27,053	21,019
Amortization:			
Capital equipment - internally funded	871	857	707
Capital equipment - externally funded	3,286	2,366	2,614
Facilities and improvements - internally funded	887	235	147
Facilities and improvements - externally funded	5,160	3,915	3,854
Capital assets disposal - internally funded	-	66	-
Capital assets disposal - externally funded	-	463	-
	<u>\$ 179,417</u>	<u>\$ 161,842</u>	<u>\$ 135,144</u>

* Other include:

Utilities	\$ 2,677	\$ 2,655	\$ 2,404
Equipment/Software Maintenance	2,348	3,602	1,628
Recruitment/Relocation/Retention of Staff/ Physicians	5,772	2,892	1,901
Travel	2,259	2,477	1,744
Minor Equipment	1,183	4,168	1,916
Food Supplies	1,000	1,034	970
Education	1,411	994	1,131
Maintenance - Buildings and Grounds	1,584	1,832	2,543
General Office Supplies	4,552	4,236	3,214
Other	9,411	3,163	3,568
	<u>\$ 32,197</u>	<u>\$ 27,053</u>	<u>\$ 21,019</u>

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2009
(In thousands)

Schedule 2

	2009					2008				
	Number of FTEs ⁽¹⁾	Base Salary ⁽²⁾	Other Cash Benefits ⁽³⁾	Other Non-Cash Benefits ⁽⁴⁾	Sub Total	Number of FTEs ⁽¹⁾	Amount	Total	Number of FTEs ⁽¹⁾	Total
Board Chair (7)										
Ken Hughes - AHS	0.88	-	-	-	-	-	-	-	0.88	-
Pranee, Jeff	0.12	-	15	-	15	-	-	15	1.0	65
Board Members (7)										
Jack Ady - AHS	0.98	-	-	-	-	-	-	-	0.98	-
Pierre Capelin - AHS	0.74	-	-	-	-	-	-	-	0.74	-
Collette Heaton - AHS	0.63	-	-	-	-	-	-	-	0.63	-
Linda Holter - AHS	0.88	-	-	-	-	-	-	-	0.88	-
John Lebrun - AHS	0.98	-	-	-	-	-	-	-	0.98	-
John Lewis - AHS	0.88	-	-	-	-	-	-	-	0.88	-
Don Sinden - AHS	0.88	-	-	-	-	-	-	-	0.88	-
Lee Andruschak - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Gord Bonde - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Ted Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Jim Clifton - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Stacey Goodwin - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Andreas Laupakis - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Gord Walter - AHS	0.33	-	-	-	-	-	-	-	0.33	-
Rae Anderson	0.12	-	8	-	8	-	-	8	1.0	75
Eric Anand	-	-	-	-	-	-	-	-	1.0	10
Gary Chankalay	0.12	-	-	-	-	-	-	-	1.0	3
John Linn	0.12	-	-	-	-	-	-	-	1.0	9
Sylvia Kennedy	0.12	-	-	-	-	-	-	-	1.0	18
Margaret MacDonald	0.12	-	-	-	-	-	-	-	1.0	3
Haroon McRae	0.12	-	-	-	-	-	-	-	1.0	11
Paul McWilliams	0.12	-	-	-	-	-	-	-	1.0	11
Sharon Steinman	0.12	-	-	-	-	-	-	-	1.0	16
Diane Slater	0.12	-	-	-	-	-	-	-	1.0	17
Gord Walter	0.12	-	-	-	-	-	-	-	1.0	17
Sub Total	9.84		48		48			48	13.00	202
Board/Advisory Reports (8)										
President and Chief Executive Officer - AHS (10)	0.02	-	-	-	-	-	-	-	0.0	-
Deputy Chief Executive Officer - AHS (10)	0.02	-	-	-	-	-	-	-	0.0	-
Chief Executive Officer (10) (17) (13)	0.27	81	68	40	189	1	573	762	1.0	380
Vice President Medical Services *	1.33	899	-	-	899	-	-	899	0.5	222
Medical Officer of Health *	1.00	374	-	-	374	-	-	374	0.3	243
CEO/Deputy Reports (9)										
Chief Operating Officer	1.00	759	-	45	759	-	-	759	1.0	265
VP Corporate Services & CFO (11)	1.00	199	-	46	245	-	-	245	0.9	193
VP Human Resources	1.00	276	-	35	311	-	-	311	0.8	160
Chief Information/Lesson Officer	1.00	186	-	30	216	-	-	216	0.6	138
Director, Communications	1.00	143	-	25	168	-	-	168	1.0	146
Director, Evaluation	0.68	88	-	15	103	1	25	128	1.0	176
Director, Regulatory	0.65	103	-	10	113	2	157	150	0.7	169
Other management reporting directly to those above	29.18	2,861	789	1,319	4,969	-	-	4,969	35.6	6,608
Medical doctors not included above										
Resident doctors not included above										
RNs, Reg. Techs, Nurses, Grad Nurses	75.07	71,166	3,019	3,009	77,194	-	-	77,194	343.4	25,511
LPNs	73.13	4,337	329	679	5,345	-	-	5,345	66.9	4,368
Other health technical & professional	136.95	11,318	1,014	3,367	15,699	-	-	15,699	108.1	12,154
Outpatient health service providers	100.41	5,655	196	913	6,764	-	-	6,764	118.6	6,600
Other staff	318.98	30,789	1,230	3,081	35,100	-	-	35,100	338.2	25,056
Total Staff Compensation	1,051.45	14,365	6,127	12,872	33,364	4	800	34,164	955.3	82,215
Grand Total	1,061.29	\$ 24,368	\$ 6,470	\$ 12,872	\$ 33,710	1	\$ 800	\$ 34,510	966.3	\$ 82,431

* Both of these positions are contracted

Schedule 2 (continued)
NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2009

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 1458 (2008 - 1365). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
- Employer's current and prior service cost of supplementary retirement plans per note (6) below.
 - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and.
 - Employee's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Supplementary Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

SUPPLEMENTARY RETIREMENT BENEFITS

	2009			2008
	Current Service Cost	Prior Service and Other Costs	Total	Total
Chief Executive Officer	\$ 10,531	\$ 28,499	\$ 39,030	\$63,969
Chief Operating Officer	10,998	3,868	14,866	6,635
Chief Integration/Liaison Officer	3,156	249	3,405	1,080
VP Health Services East	277	3,310	3,587	6,404
VP Health Services West	6,156	2,054	8,210	4,711
VP Corporate Services	8,704	6,381	15,085	12,809
VP Human Resources	4,305	273	4,578	3,560
			<u>88,761</u>	

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued obligation March 31, 2008	Change in accrued obligation	Accrued obligation March 31, 2009
Chief Executive Officer	\$ 324,113	\$ (3,681)	\$320,432
Chief Operating Officer	75,123	11,508	86,661
Chief Integration/Liaison Officer	4,401	7,127	11,528
VP Health Services East	25,233	(3,413)	21,820
VP Health Services West	27,932	6,119	34,251
VP Corporate Services	66,503	3,427	69,930
VP Human Resources	3,560	7,441	11,001

- (7) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ("AHS") interim board. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (8) Board Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (9) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008.
- (10) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (11) Effective February 25, 2009 the VP Corporate Services & CFO held a dual role as Chief Risk Officer for AHS. Costs incurred are reported in the accounts of the Region.

- (12) Severance for CEO included \$1,673 Legal Fees and \$8,500 Outplacement Costs. In addition a SURP pension of \$682/month for life is being paid.
- (13) Automobile provided. No dollar amount included in other non-cash benefits.

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PALLISER HEALTH REGION

FINANCIAL STATEMENTS

March 31, 2009

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 - Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries and Benefits

PALLISER HEALTH REGION STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING Financial Statements March 31, 2009

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained and assets are adequately safeguarded.

The Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures which allow him to report on the fairness of the financial statements prepared by management.

"Original signed"

Chief Executive Officer- Alberta Health Services
Dr. Stephen Duckett
June 11, 2009

"Original signed"

Chief Financial Officer- Palliser Health Region
Seamas O'Fuarthain
June 11, 2009

"Original signed"

Chief Financial Officer- Alberta Health Services
Chris Mazurkewich
June 11, 2009

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of Palliser Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 16, 2008.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

PALLISER HEALTH REGION STATEMENT OF FINANCIAL POSITION March 31, 2009

(In thousands of dollars)

	2009	2008
		(As restated - note 19)
ASSETS		
Current assets:		
Cash, cash equivalents and investments (note 3)	\$32,155	\$30,338
Accounts receivable	7,867	6,429
Contributions receivable from Alberta Health and Wellness	298	1,921
Inventories	1,419	1,239
Prepaid expenses	572	1,241
	42,311	41,168
Non-current advances - continuing care partnerships (note 4)	8,381	8,785
Other assets (note 5)	310	299
Capital assets (note 6)	80,735	77,635
TOTAL ASSETS	\$131,737	\$127,887
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$15,570	\$14,228
Accrued vacation pay	8,946	8,512
Deferred contributions (note 7)	12,163	13,174
	36,679	35,914
Deferred contributions - continuing care partnerships (note 4)	8,381	8,785
Unamortized external capital contributions	72,365	68,691
Net assets:		
Accumulated surplus (note 9):		
Unrestricted net assets	5,942	878
Internally restricted net assets:		
Investment in capital assets	8,370	8,944
	14,312	14,497
TOTAL LIABILITIES AND NET ASSETS	\$131,737	\$127,887

Commitments and contingencies (note 10)

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF OPERATIONS
Year ended March 31, 2009
(thousands of dollars)

	2009 Budget (note 11)	2009 Actual	2008 Actual (as revised - note 19)
Revenue:			
Alberta Health & Wellness contributions (note 12)	\$183,381	\$185,398	\$175,340
Other government contributions (note 13)	3,505	4,660	3,284
Fees and charges	18,077	19,636	16,025
Ancillary operations (note 14)	1,017	1,163	1,091
Donations	300	468	285
Investment and other income (note 15)	4,005	3,138	4,955
Amortization of external capital contributions	5,555	6,629	5,436
	215,840	221,092	206,416
Expenses (schedule 1):			
Inpatient acute nursing services	56,683	54,184	54,099
Emergency and outpatient services	13,119	12,735	12,382
Facility-based continuing care services	26,133	25,996	23,998
Ground Ambulance Discovery Project	4,397	4,789	4,405
Community-based care	7,197	7,885	6,869
Home care	9,861	10,177	9,321
Diagnostic and therapeutic services	41,752	41,672	37,631
Promotion, prevention and protection services	5,991	6,215	5,927
Administration	9,413	9,923	8,653
Information technology	5,435	5,039	5,237
Support services	38,129	39,372	37,597
Amortization of facilities and improvements	3,030	3,290	2,985
	221,140	221,277	209,104
Deficiency of revenue over expenses	(\$5,300)	(\$185)	(\$2,688)

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2009
(thousands of dollars)

	2009 Accumulated Surplus Unrestricted (note 9)	2009 Internally Restricted (note 9)	2009 Investment in Capital Assets	2009 Cumulative Net Unrealized Losses on Investments	2009 Total	2008 Total
						(as revised note 19)
Deficiency of revenue over expenses	(\$185)	\$ -	\$ -	\$ -	(\$185)	(\$2,688)
Capital assets purchased with internal funds	(1,954)	-	1,954	-	-	-
Amortization on internally funded capital assets	2,528	-	(2,528)	-	-	-
Transfer from internally restricted to unrestricted	4,675	(4,675)	-	-	-	-
Cumulative net realized losses on investments:						
Unrealized losses on available for sale financial assets, arising during the year	-	-	-	(1,987)	(1,987)	-
Transfer of net unrealized losses on available for sale financial assets to revenue (note 2 (f))	-	-	-	1,987	1,987	-
Net change	5,064	(4,675)	(574)	-	(185)	(2,688)
Net assets, beginning of year	878	4,675	8,944	-	14,497	17,185
Net assets, end of year	\$5,942	\$ -	\$8,370	\$ -	\$14,312	\$14,497

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF CASH FLOWS
Year ended March 31, 2009
(thousands of dollars)

	2009 Budget	2009 Actual	2008 Actual
	(note 11)		(as restated - note 19)
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	(\$5,400)	(\$165)	(\$2,688)
Non cash transactions:			
Amortization of capital equipment - internally funded	2,600	2,528	2,369
Amortization of capital equipment - externally funded	2,525	3,339	2,451
Amort. of facilities & improvements - externally funded	3,030	3,290	2,985
Amortization of external capital contributions	(5,555)	(6,629)	(5,436)
Change in non-cash working capital	-	1,439	(1,563)
	(2,700)	3,782	(1,882)
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(2,600)	(1,954)	(1,098)
Externally funded - equipment	(1,992)	(5,070)	(3,662)
Externally funded - facilities and improvements	(3,055)	(5,233)	(6,186)
(Increase) decrease in other assets	-	(11)	23
	(7,647)	(12,268)	(10,923)
Financing activities:			
Capital contributions received	5,047	10,303	9,848
	5,047	10,303	9,848
Increase (decrease) in cash, cash equivalents & investments	(5,300)	1,817	(2,957)
Cash, cash equivalents and investments, beginning of year	30,338	30,338	33,295
Cash, cash equivalents and investments, end of year	\$25,038	\$32,155	\$30,338

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009
(thousands of dollars)

1. Authority, Purpose and Operations

Palliser Health Region ("the Region") was established June 24, 1994 under the Regional Health Authorities Act, and is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 17).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Bassano Health Centre
Bow Island Health Centre and Alfred Egan Home
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Medicine Hat Community Mental Health Office - Provincial Building
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except as disclosed in Note 16.

2. Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

(2) These financial statements were prepared on a consolidated basis and include the following:

(i) The Region uses the proportionate consolidation method to account for its 50% interest in the Palliser Primary Care Network.

(ii) The Region uses the proportionate consolidation method to account for its share in the Regional Shared Health Information Program (RSHIP).

(3) These financial statements use the deferral method, key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

2. Significant Accounting Policies and Reporting Practices (continued)

- (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available for sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held for trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and the investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

2. Significant Accounting Policies and Reporting Practices (continued)

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

(c) Full Cost

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value to use acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value to use non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

2. Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan (SRP) to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's SRP is fully funded.

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the settlement date accounting.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

2. Significant Accounting Policies and Reporting Practices (continued)

The Region has classified its financial assets and financial liabilities as follows:

Financial Assets and Liabilities	Classification
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Non-current advances - continuing care partnerships	Loans and receivables
Accounts payable	Other financial liabilities

At March 31, 2008 the Region classified its investments as held to maturity. At March 31, 2009, the Region no longer intends to hold these investments to maturity. Therefore, the Region re-categorized its investments as available for sale (note 3).

The Region does not use hedge accounting and accordingly, is not impacted by the requirement of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities and accrued vacation pay approximates their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
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2. Significant Accounting Policies and Reporting Practices (continued)

The Region adopted this new standard as of April 1, 2008, but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories held for consumption or distribution at no charge are recorded at the lower of cost (defined as weighted average cost) and current replacement cost. All other inventories are recorded at the lower of cost and net realizable value, with cost determined by the weighted average cost method.

(h) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>		<u>Useful Life</u>
Buildings	40 years	Building service equipment	20 years
Land improvements	20 years	Vehicles and equipment	5-20 years

Work in progress is not amortized until after a project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(i) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan is based on actuarial calculations. Actual results could differ from these estimates.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
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3. Cash, Cash Equivalents and Investments

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	\$ 11,362	\$ 11,362	\$ 6,270	\$ 6,270
Bonds	33,781	35,768	36,848	36,157
Less Health Foundation funds	(5,777)	(5,777)	(6,087)	(6,087)
Less Third Party funds	(7,211)	(7,211)	(6,002)	(6,002)
	\$ 32,155	\$ 34,142	\$ 31,029	\$ 30,338

To optimize returns at an acceptable risk level, management has established a policy asset mix of 0% to 100% for fixed-income securities and 0% for equities. Risk is reduced through diversification of issuers.

Bonds represent fixed income securities comprised of:

Canadian provincial bonds with effective yields of 5.69% to 6.28% (2008 - 5.69% to 6.28%)
 Corporate bonds with effective yields of 4.72% to 7.39% (2008 - 4.72% to 7.39%).

At March 31, the bonds have the following maturity structure:

	2009	2008
1 to 5 years	40%	45%
6 to 10 years	55%	47%
11 to 15 years	5%	8%
	100%	100%

Total pooled funds have a market value of \$1,987 less than book value (2008 - \$691 greater than book value). Valuation of bonds has been obtained from independent brokerage firms. At March 31, 2009, management determined that the impairment of investments classified as available for sale was other than temporary and therefore the cumulative loss has been recognized in the statement of operations.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
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4. Non-Current Advances – Continuing Care Partnerships

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary/private health service contract operators, are recorded as a non-current advance.

The Region uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, the Region finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the predicted life of the facility. The funding received is recorded as Deferred Contributions – Continuing Care Partnerships and each year a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (3) (iii). The portion included in revenue, representing the amount forgiven during the year, is \$404 (2008 - \$405).

During 2002, funding of \$7.1 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project. 100% of the advance is to be forgiven over the period from 2002 to 2027.

During 2005, funding of \$4.013 million was received from Alberta Infrastructure and advanced to Club Sierra Lifestyles at River Ridge Inc. for the construction of the 50 bed Masterpiece Living Project. 90% of the advance is to be forgiven over the period from 2005 to 2035.

5. Other Assets

On November 2, 2005, the Region initiated a Supplemental Retirement Plan (SRP) for certain senior executives, as noted in 2 (d). At March 31, 2009, the fair value of plan assets is \$1,307 (2008 - \$965), and the net asset is \$310 (2008 - \$299).

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
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6. Capital Assets

	Cost			
	Opening Balance Apr 1/08	Asset Additions	Asset Disposals	Closing Balance Mar 31/09
Land	\$ 852	\$ -	\$ -	\$ 852
Buildings	111,967	10,224	-	122,191
Land/leasehold improvements	4,276	106	-	4,382
Building service equipment	17,578	1,556	-	19,134
Equipment	35,604	7,024	-	42,628
Construction in progress	8,710	(6,653)	-	2,057
	\$ 178,987	\$ 12,257	\$ -	\$ 191,244

	Accumulated Amortization			Net Book Value	
	Opening Balance Apr 1/08	Additions	Closing Balance Mar 31/09	2009	2008 (as restated – note 19)
Land	\$ -	\$ -	\$ -	\$ 852	\$ 852
Buildings	66,632	2,833	69,465	52,726	45,335
Land/leasehold improve.	2,609	96	2,705	1,677	1,667
Building service equip.	13,575	361	13,936	5,198	4,003
Equipment	18,536	5,867	24,403	18,225	17,068
Construction in progress	-	-	-	2,057	8,710
	\$ 101,352	\$ 9,157	\$ 110,509	\$ 80,735	\$ 77,635

Capital assets have been funded from the following sources:

	2009	2008
Externally funded (Unamortized External Capital Contributions)	\$ 72,365	\$ 68,691
Internally funded (Investment in Capital Assets)	8,370	8,944
	\$ 80,735	\$ 77,635

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
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7. Deferred Contributions

The balance at the end of year is restricted for the following purposes:

	2009	2008
Alberta Telestroke program	\$ -	\$ 20
Clinical Telehealth	507	151
Continuing care projects	283	584
Innovation in immunization	-	140
Innovation in pre-school development	182	131
Mental health projects	534	1,270
Physician on call	383	939
Regional Health Promotion Coordinators – healthy weights	417	370
Security of systems	219	239
Pandemic funding	-	891
Public health safety – hand hygiene	243	300
Reducing and avoiding injury	640	728
Infrastructure - maintenance program and projects	6,055	5,411
Primary Care Network (Note 16 (c))	2,700	2,000
	\$ 12,163	\$ 13,174

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
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8(a). Long Term Employee Benefits - Supplementary Retirement Plan

	2009	2008
Accrued benefit obligation:		
Accrued obligation, beginning of year	\$ 1,224	\$ 876
Current service cost	51	57
Interest cost	65	48
Prior service cost	-	2
Actuarial (gain) loss	(260)	247
Benefit payments	(29)	(6)
Accrued obligation, end of year	1,051	1,224

Reconciliation of funded status of accrued benefit asset:

Funded status of plan (deficit)	256	(259)
Unamortized actuarial loss	34	384
Unrecognized initial obligation	20	173
Unamortized prior service costs	-	1
Accrued benefit asset	310	299

Determination of net benefit cost for the year:

Current service cost	51	57
Interest cost	65	48
Amortization of initial obligation	153	86
Amortization of prior service costs	-	1
Amortization of net actuarial loss	128	42
Expected return on plan assets	(32)	(23)
Benefit cost	\$ 365	\$ 211

Significant actuarial assumptions are as follows:

Discount rate	6.20%	5.20%
Expected average remaining service life of employees	6 years	3 years
Salary increase	4.00%	4.00%
Expected return on plan assets	3.10%	2.60%

The above is based on the actuarial valuation performed at March 31, 2009.
 The Region's SRP is fully funded.

Employer contributions at March 31:

Plan assets (held by trustee) - fair value of assets	628	488
Plan assets (held by Canada Revenue Agency) - paid by refundable taxes	679	477
Total plan assets	\$ 1,307	\$ 965

Funded status of plan (deficit)	\$ 256	\$ (259)
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PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

8(b). Long Term Employee Benefits - Pension Expense

Pension expense related to the Region's participation in the Local Authorities Pension Plan in these financial statements is equal to the Region's annual contributions payable of \$6,140 for the year ended March 31, 2009 (2008 - \$5,702).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4.414 billion (December 31, 2007 - deficiency of \$1.183 billion).

Pension expense related to the Region's participation in Supplementary Retirement Plan in these financial statements is equal to \$365 for the year ended March 31, 2009 (2008 - \$211).

9. Accumulated Surplus

The Region's accumulated surplus comprises the following:

	2009	2008
		(as restated note 19)
Unrestricted net assets	\$ 5,942	\$ 878
Internally restricted net assets:		
Future capital equipment replacement	-	4,675
	\$ 5,942	\$ 5,553

In 2009, the Alberta Health Services Board unrestricted all funds that were previously internally restricted.

10. Commitments and Contingencies

The Region has entered into various multi-year commitments for the purchase of supplies. Also, the Region contracts on an ongoing basis with unions and health service operators to provide services to the Region. These commitments have contracts terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability, if any, the Region believes that there will be no material adverse effect on its financial position from these claims.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
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The Region has been named as a defendant in a legal action in respect of increased long term care accommodation charges. The claim has been filed against the province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million, based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

With regard to its buildings, the Region has identified that certain costs could arise (asset retirement obligations) on decommissioning for which fair value cannot currently be reasonably estimated, due to the indeterminate timing and scope of when and how the buildings might be decommissioned in the future. The asset retirement obligations for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

11. Budget

The budget was approved by senior executive and submitted to the Minister of Health and Wellness on June 5, 2008.

12. Alberta Health and Wellness Contributions

	2009	2008
Unrestricted contributions	\$ 171,860	\$ 162,131
Transfers from deferred contributions	12,146	12,217
Legacy Mortgage Assistance Program for nursing home upgrades	192	192
Primary Care Network (note 16)	1,200	800
	\$ 185,398	\$ 175,340

13. Other Government Contributions

	2009	2008
Persons with Developmental Disabilities - Alfred Egan Home	\$ 3,094	\$ 2,879
Transition grant from East Central Health (note 18)	1,056	-
Emergency Medical Services grant from East Central Health	106	-
Continuing care partnerships	404	405
	\$ 4,660	\$ 3,284

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
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14. Ancillary Operations

	2009			2008	
	Revenue	Direct Expenses	Excess of Revenue over Expenses	Revenue	Excess of Revenue over Expenses
Parking operations	\$ 367	\$ 108	\$ 259	\$ 314	\$ 225
Noa-patient food services	796	796	-	777	-
Total	\$ 1,163	\$ 904	\$ 259	\$ 1,091	\$ 225

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Ancillary expenses are reported in the support services line in the Statement of Operations.

15. Investment and Other Income

	2009	2008
Investment income	\$ 1,954	\$ 2,026
Other than temporary impairment of investments (note 3)	(1,987)	-
Other income	3,171	2,929
	\$ 3,138	\$ 4,955

Investment income comprises interest, amortization of discounts (premiums) and net gains on disposal of investments.

Other income comprises Student Health Initiative Program, WCB recoveries, rental income and miscellaneous recoveries.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

16. Related Parties

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry.

The Region had the following significant transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts agreed upon by the related parties:

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 1,814	\$ -	\$ 4,433	\$ -	\$ 670	\$ -	\$ 2,165	\$ -
Total	\$ 1,814	\$ -	\$ 4,433	\$ -	\$ 670	\$ -	\$ 2,165	\$ -

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions (Palliser Health Region, Chinook Regional Health Authority, David Thompson Health Region, East Central Health, Aspen Health Region, Peace Country Health, Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

RSHIP transactions recorded in the financial statements are as follows:

	2009	2008
Alberta Health and Wellness funding	\$ 1,067	\$ 1,091
Health region contribution	602	569
	\$ 1,669	\$ 1,660
Reported as follows:		
Expenses	\$ 602	\$ 569
Capital assets	1,067	1,091
	\$ 1,669	\$ 1,660

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

(c) Primary Care Network

During 2007, a Primary Care Network (PCN) commenced operation within the Region. The Region's 50% share of the PCN is included in the financial statements under the proportionate consolidation method, as follows:

	2009	2008
Statement of Financial Position:		
Cash and cash equivalents	\$ 2,700	\$ 2,000
Deferred contributions	2,700	2,000
Statement of Operations:		
Revenue (note 12)	\$ 1,200	\$ 800
Expenses	1,200	800

(d) Foundations

The Region has economic interest in the following foundations:

	2009			2008		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Bassano	\$ 35	-	\$ 35	\$ 75	-	\$ 75
Bow Island	103	-	103	141	-	141
Brooks	623	-	623	670	-	670
Medicine Hat	4,741	-	4,741	4,923	-	4,923
Oyen	286	-	286	286	-	286
Total	\$ 5,788	-	\$ 5,788	\$ 6,095	-	\$ 6,095

	Revenue	Expenses	Deficiency	Revenue	Expenses	Excess
Bassano	\$ 31	\$ 71	\$ (40)	\$ 56	\$ 6	\$ 50
Bow Island	43	82	(39)	111	101	10
Brooks	339	387	(48)	230	157	73
Medicine Hat	935	1,117	(182)	1,390	915	475
Oyen	54	54	-	81	18	63
Total	\$ 1,402	\$ 1,711	\$ (309)	\$ 1,868	\$ 1,197	\$ 671

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

Contributions received by the Region during the year, representing the funding of capital and non-capital items selected by the foundations, are as follows:

	2009	2008
Bassano & District Health Foundation	\$ 70	\$ 6
Bow Island & District Health Foundation	77	101
Brooks & District Health Foundation	374	143
Medicine Hat & District Health Foundation	931	757
Oyen & District Health Care Foundation	52	15
	\$ 1,504	\$ 1,022

Resources held by the foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unrestricted	Externally Restricted	2009 Total	2008 Total
Bassano & District Health Foundation	\$ 10	\$ 25	\$ 35	\$ 75
Bow Island & District Health Foundation	78	25	103	142
Brooks & District Health Foundation	326	297	623	670
Medicine Hat & District Health Foundation	3,562	1,179	4,741	4,923
Oyen & District Health Care Foundation	278	8	286	285
	\$ 4,254	\$ 1,534	\$ 5,788	\$ 6,095

(e) Private Health Service Providers

The Region has an economic interest through its contracts with private health service providers. Funding was provided as follows:

	2009	2008
Direct Region funding	\$ 29,430	\$ 26,745
Alberta Health & Wellness funding	192	192
Fees and charges	7,200	6,350
	\$ 36,822	\$ 33,287

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

17. New Governance Structure

On May 15, 2008, the Minister of Health & Wellness restructured the governance model of the health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all of these entities including the Region, but excluding East Central Health, will be disestablished and all the assets, liabilities, rights and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services.

18. Transition Costs

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges related to the transition to Alberta Health Services, consisting of severance costs and termination benefits (Schedule 2). In the Statement of Operations, these expenses are included in Administration. Additional incremental expenses related to the transition to Alberta Health Services are also reported and disclosed in the financial statements of East Central Health.

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described below.

	Severance- Related	Other	Total
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Expenses	1,056	-	1,056
Payments made during the year	(699)	-	(699)
Liability as at March 31, 2009	\$ 357	\$ -	\$ 357

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
 (thousands of dollars)

19. Correction of Errors

During the year, the Region identified and corrected errors from prior years. These errors and related adjustments to previously reported balances are as follows:

- (a) Assets were purchased in 2006, 2007 and 2008 that were funded from external sources and were not capitalized in the financial statements.
- (b) Payroll benefits were incorrectly accrued in 2008 and prior years.
- (c) RSHIP assets were incorrectly recorded in 2008 and prior years.

	As Originally Reported	(a)	Adjustments (b)	(c)	As Restated
For the year ended March 31, 2008:					
Deficiency of revenues over expenses	\$ (2,688)	\$ -	\$ -	\$ -	\$ (2,688)
As at March 31, 2008:					
Accounts receivable	4,934	-	-	1,495	6,429
Prepaid expenses	2,308	-	-	(1,067)	1,241
Capital assets	76,872	763	-	-	77,635
Accounts payable and accrued liabilities	14,678	-	(450)	-	14,228
Unamortized External Capital Contributions	67,928	763	-	-	68,691
Net Assets: Accumulated surplus	4,675	-	450	428	5,553
As at March 31, 2007:					
Net Assets: Accumulated surplus	6,092	-	450	428	6,970

20. Comparative Figures

Certain 2008 figures have been reclassified and restated to conform to the 2009 presentation.

21. Approval of Financial Statements

These financial statements have been approved by the Alberta Health Services Board.

PALLISER HEALTH REGION
SCHEDULE OF EXPENSES BY OBJECT
 Year ended March 31, 2009
 (thousands of dollars)

Schedule 1

	Budget	2009 Actual	2008 Actual
	(note 11)		
Salaries and benefits (schedule 2)	\$129,510	\$129,562	\$121,985
Contracts with health service providers (note 16)	34,877	36,822	33,287
Drugs and gases	5,080	4,618	4,695
Medical and surgical supplies	3,590	5,975	5,261
Other contracted services	16,210	15,252	15,266
Other expenses - utilities	4,000	3,854	3,772
Other expenses - miscellaneous	17,718	16,037	17,033
Amortization:			
Capital equipment - internally funded	2,600	2,528	2,369
Capital equipment - externally funded	2,525	3,339	2,451
Facilities and improvements - externally funded	3,030	3,290	2,985
	\$221,140	\$221,277	\$209,104

PALLISER HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
 Year Ended March 31, 2009
 (thousands of dollars)

Schedule 2(a)

	2009						2008	
	FTE	Base Salary	Other Cash Benefits	Other Non-Cash Benefits	Sab Total	Severance FTE Amount	Total	FTE Total
	(1)	(2)	(3)	(4) (6)		(5)		(1) (7)
Board Chair (7)								
Ken Hughes - AHS	0.00							
Carl Sirovick	0.01		\$11		\$11		\$11	1.00 \$12
Board Members (7)								
Jack Ayl - AHS	0.00							
Pierre Chevillon - AHS	0.01							
Calvinne Rooden - AHS	0.03							
Linda Heford - AHS	0.00							
John Lefebvre - AHS	0.00							
Irene Lewis - AHS	0.00							
Don Sichen - AHS	0.00							
Len Andruschuk - AHS	0.03							
Geoff Bourne - AHS	0.03							
Teri Lynn Bougie - AHS	0.03							
Jim Clafford - AHS	0.03							
Sharon Chowdhry - AHS	0.03							
Tony Pancerich - AHS	0.03							
Andreas Laupacis - AHS	0.03							
David Winkler - AHS	0.03							
Howard Becker	0.02		2		2		2	1.0 9
Jim Black	0.02		1		1		1	1.0 7
Hugh English	0.02							
Jim Korman	0.02		1		1		1	1.0 5
Albert McFadyen	0.02		2		2		2	1.0 12
Leva Ghatal	0.02		3		3		3	1.0 12
Lynne Sangster	0.02		2		2		2	1.0 13
Ken Saver	0.02		2		2		2	1.0 6
Maclean Shields	0.02		1		1		1	1.0 7
Rod Strumfeld	0.02		2		2		2	1.0 12
Harold Strickland	0.02		1		1		1	1.0 6
Craig Widmer	0.02		1		1		1	1.0 6
	25.32		\$70		\$70		\$70	12.0 \$13

PALLISER HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
 Year Ended March 31, 2009
 (thousands of dollars)

Schedule 2(a) continued

	2009							2008	
	FTE	Base Salary	Other Cash Benefits	Other Non-Cash Benefits	Sub Total	Severance FTE	Severance Amount	Total	FTE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Board Direct Reports (8):									
President / Chief Executive Officer - AHS (9)	0.02	-	-	-	-	-	-	-	-
Interim Chief Executive Officer - AHS (9)	0.88	-	-	-	-	-	-	-	-
President / Chief Executive Officer (Palliser) (9)	0.27	78	7	247	332	1.0	699	1,031	1.0
CEO Direct Reports (10):									
Senior Vice President - Health Services	1.00	190	34	78	302	-	-	302	1.0
Vice President - Community Health	1.00	160	4	46	210	-	-	210	1.0
Vice President - Planning & Corporate Services	1.00	160	-	39	199	1.0	357	558	1.0
Chief Financial Officer	1.00	187	17	4	208	-	-	208	1.0
Vice President - Medical Services	1.00	259	-	-	259	-	-	259	1.0
Other Employees:									
Other Management reporting to CEO Direct Reports	28	3,150	-	547	3,697	-	-	3,697	29
Other Management	85	3,453	-	600	4,053	-	-	4,053	87
Regulated Nurses									
RNs, RPNs, Grad Nurses	459	12,533	-	6,517	44,099	-	-	44,099	469
LPNs	129	7,227	-	1,255	8,482	-	-	8,482	137
Other Health Technical & Professionals	311	22,657	-	3,934	26,591	-	-	26,591	308
Unregulated Health Service Providers	148	5,845	-	1,015	6,860	-	-	6,860	148
Other Staff	604	28,320	-	4,914	33,234	-	-	33,234	598
	1721	\$109,219	\$91	\$19,196	\$128,506	2	\$10,566	\$129,562	1725

The accompanying notes (1) to (10) are part of this Schedule

PALLISER HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS - NOTES
 Year Ended March 31, 2009
 (thousands of dollars)

Schedule 2(b)

- Full time equivalent (FTE) is determined at the rate of 2,032.75 annual hours for each full time employee. Total actual discrete number of individuals employed: 3,112 (2008 - 3,091). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- Base Salary includes pensionable base pay.
- Other cash benefits include honoraria (for Board Members), fixed vehicle allowance and vacation holiday increases (for named positions).
- Other non-cash benefits include:
 - Employer's current and prior service cost of supplementary retirement plans (per note 6 below).
 - Share of all employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and death benefit insurance, long and short term disability plans, professional membership and tuition.
- Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- Supplemental Retirement Plan (SRP):
 Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. SRP costs detailed below are not cash payments during the year, but are the period expense for a plan to future compensation. SRP costs reflect the actuarially determined cost to provide pension income over the post-employment period. The SRP provides future pension benefits to participants based on years of service and earnings.

The annual benefit for each executive is as follows:

	2009		2008	
	Current Service Costs	Prior Service & Other costs	Total	Total
President / Chief Executive Officer (Palliser)	\$10	\$235	\$245	\$149
Senior Vice President - Health Services	16	40	56	44
Vice President - Community Health	8	16	24	4
Vice President - Planning & Corporate Services	8	8	16	3
Other retirees and non named positions	9	15	24	11
	\$51	\$314	\$365	\$221

The annual SRP obligation for each executive is as follows:

	Accrued Obligation Mar 31, 2008	Change in accrued obligation	Accrued Obligation Mar 31, 2009
President / Chief Executive Officer (Palliser)	\$677	(338)	\$339
Senior Vice President - Health Services	219	(5)	214
Vice President - Community Health	142	(25)	117
Vice President - Planning & Corporate Services	75	(48)	27
Other retirees and non named positions	111	(7)	104
	\$1,224	(\$513)	\$711

The actual SRP payments made or payable to named recipients upon termination were as follows (in thousands of dollars):

- President / Chief Executive Officer (Palliser): Total SRP payments of \$534 for 2009 (2008 - \$0), based on payments of \$3 per month from August 2008 indefinitely (post & survivor benefit).
- Vice President - Planning & Corporate Services: Total SRP payments of \$27 for 2009 (2008 - \$0), based on a single lump sum payment of \$27, payable after March 31, 2009.

PALLISER HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS - NOTES
Year Ended March 31, 2009
(thousands of dollars)

Schedule 2(b) continued

- (7) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services (AHS) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of AHS board members are reported and disclosed in the financial statements of East Central Health.
- (8) Board Direct Reports reflect FTEs and costs for the entire 2009 fiscal year based on the hiring and positioning that existed as at May 15, 2008.
- (9) On July 8, 2008, the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (10) CEO Direct Reports reflect FTEs and costs for the 2009 fiscal year based on the hiring and positioning that existed as at July 8, 2008.

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Peace Country Health

Financial Statements
March 31, 2009

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PEACE COUNTRY HEALTH
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS

March 31, 2009

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which require communication of the code to employees.

The Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has full and free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures which allow him to report on the fairness of the financial statements prepared by management.

"Original signed"

Dr. Stephen Duckett
President and Chief Executive Officer

"Original signed"

Chris Mazurkewich
Chief Financial Officer

"Original signed"

Mark De Croos
Executive Director, Finance

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Peace Country Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original signed by Fred J. Dunn, FCA"

Auditor General

Edmonton, Alberta
June 11, 2009

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

Peace Country Health
Statement of Financial Position
March 31, 2009

(in thousands of dollars)

	2009	2008
	Actual	Actual
		(restated - Note 3)
ASSETS		
Current:		
Cash (Note 4)	\$ 11,058	\$ 19,361
Accounts receivable	6,706	5,781
Contributions receivable from Alberta Health and Wellness	734	2,518
Inventories	1,719	1,507
Prepaid expenses and deposits	4,604	2,524
	24,821	31,691
Non-current cash (Note 4)	19,302	11,541
Non-current receivables (Note 5)	892	4,305
Capital assets (Note 6)	210,868	214,275
TOTAL ASSETS	\$ 255,883	\$ 261,812
LIABILITIES AND NET ASSETS (LIABILITIES)		
Current:		
Accounts payable and accrued liabilities	\$ 24,342	\$ 23,886
Accrued vacation pay	13,402	12,163
Deferred contributions (Note 7)	8,537	8,877
Current portion of long-term debt (Note 9)	346	348
	46,627	45,274
Deferred capital contributions (Note 8)	20,174	15,806
Long-term debt (Note 9)	4,740	5,103
Unamortized external capital contributions	191,231	195,534
Other liabilities (Note 6(a))	692	-
	263,464	261,717
Net Assets (liabilities)		
Accumulated deficit (Note 11)	(21,440)	(13,195)
Investment in capital assets	13,859	13,290
Operating net (liabilities) assets	(7,581)	95
Contingencies and commitments (Note 12)		
TOTAL LIABILITIES AND NET ASSETS (LIABILITIES)	\$ 255,883	\$ 261,812

The accompanying notes and schedules are part of these financial statements.

Peace Country Health
Statement of Operations
March 31, 2009

(in thousands of dollars)

	2009	2008
	Budget	Actual
	(Note 13)	Actual
		(restated - Note 3)
Revenues		
Alberta Health and Wellness contributions (Note 14)	\$ 257,900	\$ 259,148
Other government contributions (Note 15)	810	2,478
Fees and charges	20,090	21,257
Ancillary operations (Note 16)	850	770
Donations	530	603
Investment and other income (Note 17)	7,080	8,862
Amortized external capital contributions	12,500	16,585
TOTAL REVENUES	299,760	309,703
Expenses (Schedule 1)		
Inpatient acute nursing services	61,820	60,793
Emergency and outpatient services	26,870	26,893
Facility-based continuing care services	28,550	26,212
Ground Ambulance Discovery Project	14,700	15,016
Community-based care	12,490	13,429
Home care	19,440	19,608
Diagnostic and therapeutic services	52,330	55,572
Promotion, prevention and protection services	15,530	13,081
Research and education	-	16
Administration	15,650	14,063
Information technology	6,330	6,835
Support services	51,390	55,301
Amortization of facilities and improvements	8,500	10,560
Reversal of provision	-	-
TOTAL EXPENSES	313,600	317,379
(Deficiency) excess of revenues over expenses	\$ (13,840)	\$ (7,676)

The accompanying notes and schedules are part of these financial statements.

Peace Country Health
Statement of Changes in Net Assets
March 31, 2009

(in thousands of dollars)

	2009		2008	
	Accumulated deficit (Note 11)	Investment in capital assets	Total	Total (restated Note 3)
Balance at beginning of year	\$ (13,195)	\$ 13,290	\$ 95	\$ (3,304)
(Deficiency) excess of revenues over expenses	(7,676)	-	(7,676)	3,399
Capital assets purchased with internal funds	(1,539)	1,539	-	-
Amortization of internally funded capital assets	1,168	(1,168)	-	-
Disposal of internally funded capital assets	23	(23)	-	-
Repayment of long-term debt	(221)	221	-	-
Balance at end of year	<u>\$ (21,440)</u>	<u>\$ 13,859</u>	<u>\$ (7,581)</u>	<u>\$ 95</u>

The accompanying notes and schedules are part of these financial statements.

Peace Country Health
Statement of Cashflows
March 31, 2009

(in thousands of dollars)

	2009		2008
	Budget (Note 13)	Actual	Actual (restated - Note 3)
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (13,840)	\$ (7,676)	\$ 3,399
Non-cash transactions:			
Amortization of internally funded equipment	1,200	962	2,027
Amortization of externally funded equipment	4,200	6,189	5,097
Amortization of internally funded facilities and improvements	200	206	234
Amortization of externally funded facilities and improvements	8,300	10,354	8,318
Loss on sale of equipment	-	14	-
Amortized external capital contributions	(12,500)	(16,585)	(13,415)
Changes in non-cash working capital account	(4,275)	(78)	8,552
Cash generated (used by) from operations	<u>(16,715)</u>	<u>(6,614)</u>	<u>14,212</u>
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(2,560)	(1,539)	(1,919)
Externally funded - equipment	(3,075)	(2,135)	(7,420)
Internally funded facilities and improvements	-	-	(91)
Externally funded - facility and improvements	(44,530)	(9,365)	(14,045)
Funded by long-term debt	-	-	(14)
Proceeds on sale of capital assets	-	51	-
Change in non-current cash	<u>11,411</u>	<u>(7,761)</u>	<u>(2,959)</u>
Cash used by investing activities	<u>(35,624)</u>	<u>(20,749)</u>	<u>(26,448)</u>
Financing activities:			
Capital contributions received	30,974	18,587	26,954
Change in non-current receivables	4,265	3,413	(1,983)
Capital contributions transferred from (to) deferred contributions	825	649	150
Capital contributions transferred to operations	-	(2,586)	(317)
Transfer to asset retirement obligation	-	(638)	-
Principal payments on long-term debt	(349)	(365)	(345)
Cash generated from financing activities	<u>35,715</u>	<u>19,060</u>	<u>24,459</u>
Increase (decrease) in cash	<u>(19,624)</u>	<u>(8,303)</u>	<u>12,223</u>
Cash, beginning of year	<u>19,361</u>	<u>19,361</u>	<u>7,138</u>
Cash, end of year	<u>\$ (263)</u>	<u>\$ 11,058</u>	<u>\$ 19,361</u>

The accompanying notes and schedules are part of these financial statements.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

1 Authority, purpose and operations

Peace Country Health (the "Region") was established on June 24, 1994, under the *Regional Health Authorities Act*, Chapter R-10, Revised Statutes of Alberta, 2000. The Region is a registered charity and is exempt from payment of income tax under Section 149 of the *Income Tax Act*. Effective April 1, 2009, the Region will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 21).

The Region is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Region include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache Community Health Complex
- Grinshaw/Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- JB Wood Continuing Care Centre
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Gift Lake, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River, Valleyview and Worsley.
- Emergency Medical Services (EMS) Stations in Beaverlodge, Fairview, Fox Creek, Grande Cache, Grande Prairie, High Prairie, Manning, Smoky River, Peace River, Spirit River and Valleyview.

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices

a) Basis of Presentation

- i) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below.
- ii) The Region participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Region accounts for its 14.2% interest in RSHIP on a proportionate consolidation basis.
- iii) The Region uses the proportionate consolidation method to account for its 50% interest in each of the three Primary Care Networks:
 - Sexsmith Primary Care Network
 - West Peace Primary Care Network
 - Peace River Primary Care Network

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

- iv) These financial statements use the deferral method of accounting for contributions, the key elements of which are:
 - i) Unrestricted contributions are recognized as revenue in the year receivable.
 - ii) Externally restricted non capital contributions are deferred and recognized as revenue in the year in which related expenses are incurred.
 - iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.
 - iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.
 - v) Unrestricted investment income is recognized in the year it is earned.
 - vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.
 - vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

The Region complied with all debt covenants during the year.

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

c) Full Cost

The Region records the fair value of services for which it is responsible. Such fair value transactions include the following:

- i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Region. An equivalent amount is recorded as contracted health service operator expense of the Region.
- ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Region's health programs.
- iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Region do not include an amount for the use of these facilities.
- iv) The fair value for use of non-acute care facilities not owned by the Region and provided to The Region at zero or nominal rent is recorded as other government contributions and as program expenses.
- v) Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Region in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to select senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. At March 31, 2009, there were no active members.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

e) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash	Held for trading
Accounts receivable, contributions receivable	Loans and receivables
Accounts payable and accrued liabilities, vacation payable	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of cash, accounts and contributions receivable, non-current receivables, accounts payable and accrued liabilities, and accrued vacation payable approximate their fair value because of the short term nature of these items. It is management's opinion that the region is not exposed to significant interest, current or credit risks arising from its financial instruments.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

f) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost as calculated on a moving average, and net realizable value.

g) Capital Assets

Capital assets and capital projects in progress are recorded at cost. Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	10 - 25 years
Buildings	20 - 40 years
Information systems	10 years
Major equipment	5 - 15 years

Capital assets with unit costs less than five thousand dollars are expensed. Capital projects in progress (work-in-progress) are not amortized until the project is complete. Leases transferring substantially all of the benefits and risks of ownership of capital assets are accounted for as acquisitions of capital assets financed by long-term obligations.

The Region is subject to regulations requiring the repair, removal and disposal of asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation. As a result of the longevity of the Region's facilities, due in part to The Region's maintenance procedures, and the fact that the Region does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Region's facilities is indeterminable as at March 31, 2009. As a result the Region is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

3 Correction of Error

a) Prepaid Health Benefits

The Region established a self insured benefit plan for dental, extended health, and vision care for its employee group in 2006. The plan has accumulated a surplus which is a result of premiums paid being greater than claims submitted. Prior year comparative figures have been adjusted with retroactive effect to include the accumulated surplus less a reserve for unclaimed expenses of the benefit plan.

b) Information Systems Amortization

In 2006, the Region implemented a new integrated healthcare information system. The information system was recorded as a Capital Asset, however no amortization was recorded for 2006-07 and 2007-08. Prior year comparative figures have been adjusted with retroactive effect to include the impact of amortization of the information system.

Summary of the changes are as follows:

	2008	Benefit plan surplus	Meditech amortization	2008 (restated)	2007 (restated)
Assets	\$ 262,845	\$ 911	\$ (1,944)	\$ 261,812	\$ 246,076
Liabilities	262,626	-	(909)	261,717	249,380
Net Assets	219	911	(1,035)	95	(1,304)
Total Liabilities and Net Assets	\$ 262,845	\$ 911	\$ (1,944)	\$ 261,812	\$ 246,076
Revenues	\$ 292,467	\$ -	\$ 479	\$ 292,946	\$ 256,205
Expenses	288,112	365	1,070	289,547	268,217
Excess (Deficiency) of Revenues over Expenses	\$ 4,355	\$ (365)	\$ (591)	\$ 3,399	\$ (12,012)

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

4 Cash

	2009	2008
Cash	\$ 30,360	\$ 30,902
Classified as		
Current	\$ 11,058	\$ 19,361
Non-current	19,302	11,541
	<u>\$ 30,360</u>	<u>\$ 30,902</u>

Current cash represents amounts held for working capital purposes. Non-current cash represents amounts externally restricted for capital acquisitions.

5 Non-current receivables

	2009	2008
Other Health Regions	\$ 691	\$ 275
Natural Resources Canada	181	174
Non-current portion of receivable from physicians	20	40
Alberta Health and Wellness	-	2,912
Foundations	-	904
	<u>\$ 892</u>	<u>\$ 4,305</u>

The amounts due from Other Health Regions and Natural Resources Canada are for capital acquisitions. The amount due from a physician is related to a loan to a physician for recruitment purposes.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

6 Capital assets

	Cost			
	Opening Balance April 1, 2008	Transfers	Additions	Closing Balance March 31, 2009
Land	\$ 2,072	\$ -	\$ -	\$ 2,072
Land Improvements	9,754	443	27	10,224
Buildings	280,091	1,041	690	281,822
Major Equipment	89,266	891	2,441	92,484
Information Systems	9,719	-	161	9,880
Work-in-progress	12,999	(2,375)	11,050	21,674
	<u>\$ 403,901</u>	<u>\$ -</u>	<u>\$ 14,369</u>	<u>\$ 418,156</u>

	Accumulated Amortization			
	Opening Balance April 1, 2008	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2009
(restated - Note 3)				
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	8,159	226	-	8,385
Buildings	116,062	10,334	-	126,396
Major Equipment	63,461	6,131	(49)	69,543
Information Systems	1,944	1,020	-	2,964
Work-in-progress	-	-	-	-
	<u>\$ 189,626</u>	<u>\$ 17,711</u>	<u>\$ (49)</u>	<u>\$ 207,288</u>

	Net Book Value	
	2009	2008
(restated - Note 3)		
Land	\$ 2,072	\$ 2,072
Land Improvements	1,839	1,595
Buildings	156,656	164,029
Major Equipment	22,941	25,805
Information Systems	6,916	7,775
Work-in-progress	20,444	12,999
	<u>\$ 210,868</u>	<u>\$ 214,275</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

6 Capital assets (continued)

(a) Asset Retirement Obligation

The Region has recorded a liability for an asset retirement obligation of \$692 (2008 - nil). The asset retirement obligation represents the legal obligation associated with the removal of asbestos for renovations currently occurring at the Fairview Health Complex. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

(b) Funding

Capital assets have been funded from the following sources:

	2009	2008
Externally funded - unamortized external capital contributions	\$ 191,231	\$ 195,534
Internally funded - investment in capital assets	13,859	13,290
Financed by debt	5,086	5,451
Asset retirement obligation	692	-
	<u>\$ 210,868</u>	<u>\$ 214,275</u>

7 Deferred contributions

	2009	2008
Alberta Stroke Foundation	\$ 570	\$ 637
Continuing care grants	960	720
Donations to support delivery of health services	1,126	1,031
Health promotion coordination for health weights	548	483
Hip and Knee	808	-
Immunization Grants	427	407
Mental Health Innovation Fund	786	2,481
Pandemic supplies	1,213	1,213
Primary Care Networks	294	262
Telehealth clinical funding	911	637
Various Other	894	1,006
Total	<u>\$ 8,537</u>	<u>\$ 8,877</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

8 Deferred capital contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Improvement of capital assets	\$ 10,130	\$ 4,283
New construction	7,910	9,273
Equipment replacement	2,134	2,250
	<u>\$ 20,174</u>	<u>\$ 15,806</u>

9 Long-term debt

	2009	2008
Debenture	\$ 3,062	\$ 3,250
Mortgages payable	2,022	2,166
Obligations under capital leases	2	35
	<u>5,086</u>	<u>5,451</u>
Less: current portion	346	348
Non-current portion	<u>\$ 4,740</u>	<u>\$ 5,103</u>

Future payments for the year ended March 31:

	Debenture	Mortgages payable	Obligations under capital lease	Total
2010	\$ 196	\$ 149	\$ 1	\$ 346
2011	205	154	-	359
2012	215	159	-	374
2013	225	164	-	389
2014	235	169	-	404
2015 and thereafter	1,986	1,228	-	3,214
	<u>\$ 3,062</u>	<u>\$ 2,023</u>	<u>\$ 1</u>	<u>\$ 5,086</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

9 Long-term debt (continued)

The debenture matures in 2021, has an annual rate of 4.6% and is repayable in blended semi-annual payments of \$167.

The terms of the mortgages payable are as follows:

Mortgage 1 is secured by a demand promissory note in the amount of \$2,164, real property with a carrying value of \$1,670, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$15.5, including interest at a rate of Prime + 0.5%, and matures March, 2020.

Mortgage 2 is secured by a demand promissory note in the amount of \$350, real property with carrying value of \$499, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$2.5, including interest at a rate of 5.90%, and matures December, 2023.

The only remaining capital lease expires in April of 2009. The implicit interest rate payable on this lease is 17.7%.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

10 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

The Region participated in a Supplemental Retirement Plan for a select group of employees. Benefits were based on 2.00% of the member's highest average earnings over a 60 consecutive month period less the average of the maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the last 60 consecutive month period multiplied by the member's credited service under the Supplemental Retirement Plan.

	2009	2008
Accrued benefit obligation		
Accrued obligation, beginning of year	\$ 581	\$ 396
Current service cost	27	60
Interest cost	15	23
Actuarial loss (gain)	(62)	102
Benefit payments	(561)	-
Accrued obligation, end of year	<u>\$ -</u>	<u>\$ 581</u>
Reconciliation of funded status of accrued benefit asset / liability		
Funded status of plan (deficit)	\$ -	\$ (581)
Unamortized actuarial loss (gain)	-	-
Unamortized prior service costs	-	-
Accrued benefit asset (liability)	<u>\$ -</u>	<u>\$ (581)</u>
Current service cost	\$ 27	\$ 60
Interest cost	15	23
Amortization of prior service costs	-	160
Amortization of net actuarial loss (gain)	(62)	88
Benefit cost	<u>\$ (20)</u>	<u>\$ 331</u>

Actuarial Valuation

No valuation was performed at March 31, 2009 as the Supplemental Retirement Plan had no plan members or beneficiaries.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

10 Long-Term Employee Benefits (continued)

b) Pension Expense

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$11,713 for the year ended March 31, 2009 (2008 \$10,312).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficiency of \$4,413,971 (2007 \$1,183,334).

11 Accumulated Deficit

The Region has reported an accumulated deficit at each of March 31, 2009 and 2008. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

12 Contingencies and Commitments

Commitments

a) Contracts

The Region is committed to several contracts and is required to make the following minimum payments over the next five years:

	Service/ maintenance contracts	Specific program commitments	Equipment leases	Total
2010	\$ 1,107	\$ 8,758	\$ 333	\$ 10,198
2011	867	7,738	223	8,828
2012	754	7,617	84	8,455
2013	567	7,273	9	7,849
2014 and thereafter	316	6,797	1	7,114
	<u>\$ 3,611</u>	<u>\$ 38,183</u>	<u>\$ 650</u>	<u>\$ 42,444</u>

b) Capital Projects

The Region is contractually committed to \$49,016 for capital projects.

Contingencies

The Region has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable and no liability is recorded at this time.

13 Budget

The budget was prepared by management and submitted to the Minister of Health and Wellness on June 19, 2008. Over the course of the fiscal year, the Minister provided additional funding of \$8,834. Management has allocated these additional resources to address funding expectations.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

14 Alberta Health and Wellness contributions

	2009	2008
Unrestricted contributions	\$ 242,927	\$ 237,482
Transfers from deferred contributions	12,953	12,380
Transfers from deferred capital contributions	2,586	317
Primary Care Network Consolidation	682	310
Write-off of ambulance Discovery Project receivable	-	(286)
	<u>\$ 259,148</u>	<u>\$ 250,203</u>

15 Other government contributions

	2009	2008
Alberta Government		
Fair value of rent for non-acute care used by the Region	\$ 755	\$ 864
Transition Grant from East Central Health (Note 20)	1,073	-
Provincial Cardiac Access	355	23
Provincial Trauma Emergency	103	-
Hip and Knee	101	-
Alberta Cancer Board	91	15
Alberta Alcohol and Drug Abuse Commission	-	23
	<u>\$ 2,478</u>	<u>\$ 925</u>

16 Ancillary operations

	2009				2008			
	Revenues	Direct Expenses	Amortization Expense	Excess of Revenues over Expenses	Revenues	Direct Expenses	Amortization Expense	Excess of Revenues over Expenses
Parking operations	\$ 363	\$ 1	\$ -	\$ 362	\$ 348	\$ 238		
Rental/other operations	407	132	18	257	388	319		
Total	<u>\$ 770</u>	<u>\$ 133</u>	<u>\$ 18</u>	<u>\$ 619</u>	<u>\$ 736</u>	<u>\$ 557</u>		

Ancillary expenses are reported in Support Services in the Statement of Operations.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

17 Investment and other income

	2009	2008
Investment income	\$ 294	\$ 406
Grant income	760	681
Other income	7,808	7,966
	<u>\$ 8,862</u>	<u>\$ 9,053</u>

Investment income comprises of interest on bank deposits.

Other income comprises recoveries from sources external to the Region for materials, supplies and wages.

18 Related parties

a) Province of Alberta

The Region is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the board members. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

b) Health Regions

The Region had the following transactions with other health regions recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 2,257	\$ 150	\$ 1,762	\$ -	\$ 1,372	\$ 179	\$ 161	\$ 914

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

18 Related parties (continued)

c) Regional Shared Health Information Program ("RSHIP")

The seven non-metro health regions (list) have entered into an agreement under the name Regional Shared Health Information Program ("RSHIP"), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record ("EHR") initiative.

	2009	2008
AHW Funding	\$ 161	\$ 241
Health region contribution	566	1,537
Total	<u>\$ 727</u>	<u>\$ 1,778</u>
Reported as follows:		
Expenses	\$ 566	\$ 800
Capital assets	161	978
Total	<u>\$ 727</u>	<u>\$ 1,778</u>

d) Primary Care Networks

The Region's share of the Sexsmith, West Peace and Peace River Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Health region's 50% share	
	2009	2008
Opening Balance	\$ 262	\$ -
Contributions from AHW	714	572
Amounts recognized as revenue	(682)	(310)
Amounts deferred	<u>\$ 294</u>	<u>\$ 262</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

18 Related parties (continued)

e) Foundations

The Region has an economic interest in the following Foundations. These Foundations raise funds to benefit The Region and other health related entities and are registered charities under the Income Tax Act:

Beaverlodge Hospital Foundation
Fairview Health Complex Foundation
Grande Cache Hospital Foundation
Grimshaw/Berwyn & District Hospital Foundation
Hythe Nursing Home Foundation
Peace Health Foundation
Queen Elizabeth II Hospital Foundation
Valleyview Health Care Foundation

f) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health services providers in the region. Funding was provided as follows:

	2009			2008		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	\$ 505	\$ 8,407	\$ 8,912	\$ 502	\$ 6,519	\$ 7,021
Fees and charges	-	1,756	1,756	-	1,447	1,447
Total	<u>\$ 505</u>	<u>\$ 10,163</u>	<u>\$ 10,668</u>	<u>\$ 502</u>	<u>\$ 7,966</u>	<u>\$ 8,468</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

19 Trust funds

The Region holds funds in the amount of \$410 (2008 - \$487) on behalf of its continuing care clients, the Queen Elizabeth II Hospital Child Care Centre, Rural Regional Health Authorities, and the Sexsmith Primary Care Network. These amounts are not reported in the statements.

	2009	2008
Cancer Care Clinics	33	117
Continuing Care Clients	287	275
QEII Child Care Centre	44	26
Rural Regional Health Authorities	8	43
Sexsmith Primary Care Network	38	26
Total	<u>\$ 410</u>	<u>\$ 487</u>

20 Transition Costs

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges related to the transition to Alberta Health Services consisting of severance costs and termination benefits (Schedule 2). These charges are included in Administration in the Consolidated Statement of Operations.

	Severance Related Charges	Other	Total
Liability as at March 31, 2008	\$ 321	\$ -	\$ 321
Expenses	683	84	767
Payments made during the year	(1,004)	(84)	(1,088)
Liability as at March 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unfunded SRP	<u>\$ 306</u>	<u>\$ -</u>	<u>\$ 306</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

20 Transition Costs (continued)

Unfunded SRP - The transition grant restrictions include payments for the unfunded status of the Region's Supplemental Retirement Plan. The Region has also recorded a current receivable from East Central Health for the amount of any lump sum payments during the year as a part of the termination package.

21 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of the health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Region but excluding East Central Health will be disestablished and all of the assets, liabilities, rights, and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

22 Comparative figures

Certain 2008 figures have been reclassified and restated to conform to 2009 presentation.

23 Approval of financial statements

These financial statements have been approved by the Alberta Health Services Board.

Peace Country Health
Schedule of Expenses by Object
March 31, 2009

Schedule 1

(in thousands of dollars)

	2009		2008
	Budget (Note 13)	Actual	Actual (restated - Note 3)
Salaries and Benefits (Schedule 2)	\$ 218,300	\$ 211,625	\$ 196,188
Contracts with health service providers (Note 18)	9,500	10,668	8,468
Drugs and gases	5,190	4,832	4,991
Medical and surgical supplies	6,460	6,845	6,149
Other contracted services	19,440	23,066	19,508
Interest on long term debt	250	256	288
Other *	40,560	42,362	40,353
Amortization:			
Capital equipment - internally funded	1,200	962	1,583
Capital equipment - externally funded	4,200	6,189	4,667
Facilities and improvements - internally funded	200	206	234
Facilities and improvements - externally funded	8,300	10,354	8,318
Loss on disposal	-	14	-
Reversal of provision	-	-	(1,200)
	<u>\$ 313,600</u>	<u>\$ 317,379</u>	<u>\$ 289,547</u>

	2009		2008
	Budget	Actual	Actual
Other: Significant amounts include			
Building and Grounds Maintenance	\$ 2,850	\$ 5,667	\$ 3,254
Diagnostic and therapeutic supplies	3,125	3,658	3,473
Equipment expenses	6,524	7,430	6,500
Food supplies	2,353	2,651	2,422
Recruitment and relocation	3,034	2,341	3,707
Utilities	5,547	6,176	5,496
Other	17,127	14,439	15,501
	<u>\$ 40,560</u>	<u>\$ 42,362</u>	<u>\$ 40,353</u>

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Peace Country Health

Schedule of Honoraria, Benefits, Allowances, and Severance

March 31, 2009

Schedule 2

	2009								2008	
	Number of FTE's (1)	Base Salary (2)	Other Cash Benefits (3)	Other Cash Benefits (4)(11)	Non- Sub Total	Number of Individuals	(5) Severance	Total	Number of FTE's (1)	Total
Board Chair (6)										
Ken Hughes - AHS	0.88	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	-	\$ -
Marvin Moore	0.12	-	9	-	9	-	-	9	1.00	52
Board Members (6)										
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin - AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol - AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnert - AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje - AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-
Claudia Buck	0.12	-	6	-	6	-	-	6	1.00	17
Dennis Grant	0.12	-	6	-	6	-	-	6	1.00	13
Delphine Harbourne	0.12	-	4	-	4	-	-	4	1.00	16
Andre Harpe	0.12	-	6	-	6	-	-	6	1.00	19
Milton Hommy	0.12	-	5	-	5	-	-	5	1.00	15
Wayne Jacques	0.12	-	5	-	5	-	-	5	1.00	10
Rose Kasinec	0.12	-	3	-	3	-	-	3	1.00	14
Betty Kruse	0.12	-	5	-	5	-	-	5	1.00	20
Lawrence Meardi	0.12	-	2	-	2	-	-	2	1.00	12
Jean Rycroft	0.12	-	5	-	5	-	-	5	1.00	14
Marie Saville	0.12	-	6	-	6	-	-	6	1.00	16
Brenda Strom	0.12	-	11	-	11	-	-	11	1.00	18
Sub-total	10.32	\$ -	73	\$ -	73	-	\$ -	73	13.00	\$ 236

Peace Country Health
Schedule of Honoraria, Benefits, Allowances, and Severance
March 31, 2009

Schedule 2
(continued)

	2009								2008	
	Number of FTE's (1)	Base Salary (2)	Other Cash Benefits (3)	Other Cash Benefits (4)(11)	Non- Sub Total	Number of Individuals	Severance (5)	Total	Number of FTE's (1)	Total
Board Direct Reports (7)										
President and Chief Executive Officer - AHS (8)	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Interim Chief Executive Officer - AHS (8)	0.88	-	-	-	-	-	-	-	-	-
Chief Executive Officer (8)(9)	0.27	65	35	-	100	1.00	485	585	1.00	360
Medical Officer of Health	1.00	304	-	29	333	-	-	333	1.00	321
Senior Capital Projects Manager	0.46	91	17	33	141	1.00	104	245	1.00	380
CEO Direct Reports (10)										
Vice President, Health Services (Urban)	1.00	187	18	35	240	-	-	240	1.00	223
Vice President, Health Services (Rural)	1.00	187	18	31	236	-	-	236	1.00	223
Vice President, Medical & Legal Services	1.00	187	18	20	225	-	-	225	1.00	226
Vice President, Finance & Corporate Services	0.79	147	18	-	165	1.00	94	259	0.83	194
Chief Information Officer	1.00	135	-	15	150	-	-	150	1.00	148
Vice President, Regional Health Services	-	-	-	-	-	-	-	-	0.25	161
Vice President, Medical Affairs	-	-	-	-	-	-	-	-	0.00	142
Organizational Change Consultant	-	-	-	-	-	-	-	-	0.38	61
	7.42	1,303	124	163	1,590	3.00	683	2,273	8.46	2,439
Total Board and Executive	17.74	\$ 1,303	\$ 197	\$ 163	\$ 1,663	3.00	\$ 683	\$ 2,346	21.46	\$ 2,675
Board and Executive	17.74	\$ 1,303	\$ 197	\$ 163	\$ 1,663	3.00	\$ 683	\$ 2,346	21.46	\$ 2,675
Management reporting to CEO direct reports	8.00	1,075	26	194	1,295	-	-	1,295	7.58	1,160
Other management	103.08	10,003	191	1,817	12,011	-	-	12,011	109.41	12,424
Regulated nurses not included above*										
- RNs, Reg. Psych. nurses, Grad nurses	552.82	46,914	5,764	8,735	61,413	-	-	61,413	566.67	59,531
- LPNs	210.81	12,417	792	2,181	15,390	-	-	15,390	219.28	14,242
Other health technical & professionals	531.88	36,039	5,377	7,603	49,019	-	-	49,019	504.35	42,812
Unregulated health service providers	333.97	14,681	367	2,352	17,400	-	-	17,400	328.84	15,390
Other staff	910.03	44,014	1,315	8,090	53,419	-	-	53,419	900.45	48,791
Grand Total (12)	2668.32	\$ 166,446	\$ 14,029	\$ 31,135	\$ 211,610	3.00	\$ 683	\$ 212,293	2658.04	\$ 197,025

Peace Country Health
Schedule of Honoraria, Benefits, Allowances, and Severance... Continued
For the year ended March 31, 2009

Schedule 2

(in thousands of dollars)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,894 (2008 = 4,127). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
 - a) Employer's current and prior service cost of supplementary retirement plans per note (12) below.
 - b) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, Employment Insurance, and Worker's Compensation Board premiums.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ("AHS") interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (7) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (8) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (9) The Chief Executive Officer is provided with an automobile allowance. The amount of the allowance is included in other cash benefits.
- (10) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed at July 8, 2009.

Peace Country Health
Schedule of Honoraria, Benefits, Allowances, and Severance... Continued
For the year ended March 31, 2009

Schedule 2

(in thousands of dollars)

(11) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

	2009			2008
	Current Service Cost	Prior Service and Other Costs	Total	Total
Expensed to Operations				
Chief Executive Officer	\$ 10	\$ (49)	\$ (39)	\$ 53
Retired Members				
Vice President, Medical Affairs	-	(5)	(5)	142
	10	(54)	(44)	195
Included in Capital Assets				
Senior Capital Projects Manager	17	7	24	136
	\$ 27	\$ (47)	\$ (20)	\$ 331

The accrued obligation for each executive under the SERP is outlined in the following table:

	Accrued obligation March 31, 2008	Change in accrued obligation	Benefit Payments	Accrued obligation March 31, 2009
Chief Executive Officer	\$ 73	\$ (39)	\$ (34)	\$ -
Senior Capital Projects Manager	248	24	(272)	-
Retired Members				
Vice President, Medical Affairs	260	(5)	(255)	-
	\$ 581	\$ (20)	\$ (561)	\$ -

Peace Country Health**Schedule of Honoraria, Benefits, Allowances, and Severance... Continued**
For the year ended March 31, 2009

Schedule 2

(in thousands of dollars)

Based on future SERP compensation benefits described above, the following schedule outlines pension income received by individuals within the 2008-09 fiscal period:

Name	Pension Income	Frequency	Term
Chief Executive Officer	34	Lump Sum	One Time
Senior Capital Projects Manager	272	Lump Sum	One Time
Retired Members			
Vice President, Medical Affairs	255	Lump Sum	One Time

(12) Schedule 2 Grand Total Salaries and Benefits

Total on Schedule 2 Salaries & Benefits includes salary and benefits expense to operating and capital.
Breakdown by Schedule 2 category as follows:

	2009	2008
Expensed to Operations	\$ 211,625	\$ 196,188
Expensed to Capital	668	837
Total as per Schedule 2	<u>\$ 212,293</u>	<u>\$ 197,025</u>

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